



State of Illinois
Illinois Department of Insurance

DOI

Illinois Department of Insurance

2014



*Cost Containment
Annual Report
to the
General Assembly*

Pat Quinn
Governor

Andrew Boron
Director of Insurance



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

To the Honorable Members of the General Assembly:

The Illinois Insurance Cost Containment Act requires the Director of Insurance to submit an annual report to the General Assembly containing an analysis of portions of the Illinois insurance market and a recommendation of the most appropriate and comprehensive cost containment system for the state (Article XLII, 215 ILCS 5/1202d).

In accordance with Section 1202 of the Illinois Insurance Code, [215 ILCS 5/1202], I am pleased to submit the Annual Report to the General Assembly on Insurance Cost Containment for 2014. It contains significant information from a national and Illinois perspective regarding the current conditions of the property and casualty insurance industry.

Sincerely,

A handwritten signature in blue ink that reads "Andrew Boron".

Andrew Boron
Director of Insurance

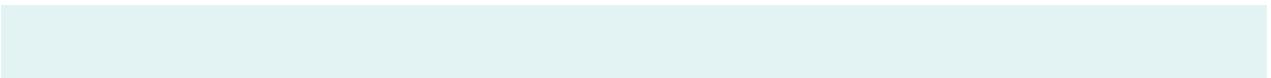


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OVERVIEW

Section 1: OVERALL PROPERTY & CASUALTY INDUSTRY SUMMARY

This section provides and compares details of the Illinois property/casualty marketplace to countrywide data. It also provides a breakdown of all property/casualty premiums written on a regional basis and by significant line of business within Illinois.

Section 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

This section provides a detailed review of each of the following areas of insurance within the state of Illinois.

- Homeowners'
- Private Passenger Auto Physical Damage
- Medical Malpractice
- Workers' Compensation
- Private Passenger Auto Liability
- Commercial Auto Liability
- Other Liability

One aspect of each line of business monitored by the Department is market concentration. The Herfindahl/Hirschmann Index or (HHI) is a measure of the size of companies and is widely accepted as an accurate indicator of the amount of competition among individual companies in any given marketplace. The HHI is calculated by the summation of the squares of each company's individual market share. Generally, an HHI of 1800 or above is an indication that the given market may be highly concentrated and may be approaching anti-competitive behavior.

Section 2 contains a historical graph of the (HHI) for each of the lines of business indicated above. For all of the lines studied only the medical malpractice line continues to be considered highly concentrated in Illinois. This situation is not new and continues to be monitored by the Department.

Section 3: RESIDUAL MARKET MECHANISMS

Residual Market Mechanisms are established to provide specific insurance coverages to Illinois consumers who are unable to buy coverage in the open or voluntary markets. Coverages available to Illinois consumers through residual markets include property coverage, automobile coverage, and workers' compensation coverage.

The residual markets (FAIR Plan, Auto Plan, and Workers' Compensation Assigned Risk Pool) all have very small shares of the market which indicates healthy competition. The Workers' Compensation assigned risk market continues to be the largest residual market; representing 4.8 percent of the overall Workers' Compensation market.

In addition to residual market mechanisms Section 3 details recent activities of the surplus lines market. Illinois consumers unable to obtain coverage in either the voluntary market or the residual market mechanisms may be able to obtain coverage in the surplus lines market. The report reflects nothing of concern with the Surplus lines market mechanisms. However, the Department has little regulatory control regarding coverage placed in the Surplus lines market.

Section 4: OVERALL MARKETPLACE CONDITIONS

Lastly, the report identifies and examines several financial principles that are generally accepted measurements of market reliability and profitability. The Department will continue to monitor all available data related to the Property & Casualty insurance industry to assure that a healthy, competitive, and reliable insurance market remains available for all Illinois consumers.

Section 1:

OVERALL PROPERTY & CASUALTY INDUSTRY SUMMARY

The following table provides a breakdown of total direct written premium and incurred losses for the property/casualty industry by state for the past 5 years.

Direct written premium in Illinois totaled \$19.9 billion in 2012, representing 5.1 percent of the total written premium countrywide. Additionally, Illinois continues to rank 5th of all states based on direct written premium. Illinois continues to maintain this ranking as well as a loss ratio comparable or lower than other states in the top 20 states as reflected below.

Total US Property & Casualty Industry (\$ In millions)

		State Distribution and Loss Experience							Direct Pure Loss Ratio (%)					
		% of Total Direct Written Premium												5
Rank	State	2012 Direct Written Premium	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008	5 Yr. Avg.	
1	California	\$41,551	10.7%	10.6	10.7	10.8	10.9	57.2	56.3	55.4	52.4	59.7	56.2	
2	New York	\$27,556	7.1%	7.1	7.1	7.1	7.1	88.1	65.5	70.2	75.6	113.3	82.5	
3	Florida	\$23,576	6.1%	6.2	6.3	6.4	6.7	53.1	56.2	58.5	58.8	59.8	57.3	
4	Texas	\$21,881	5.7%	5.6	5.4	5.3	5.3	60.5	66.0	51.6	60.4	91.9	66.1	
5	Illinois	\$19,932	5.1%	5.2	5.3	5.4	5.3	69.9	66.7	65.2	66.1	66.7	66.9	
6	Penn.	\$17,317	4.5%	4.4	4.5	4.5	4.4	60.2	63.7	63.7	57.4	62.3	61.5	
7	Ohio	\$11,753	3.0%	3.0	3.1	3.1	3.0	62.6	63.0	56.0	58.9	64.2	60.9	
8	Michigan	\$11,641	3.0%	2.9	2.8	2.8	2.9	81.7	95.4	81.6	79.5	74.0	82.4	
9	Georgia	\$11,293	2.9%	2.9	2.9	2.9	2.9	66.2	66.2	61.4	80.8	71.6	69.2	
10	New Jersey	\$11,153	2.9%	2.8	2.9	2.8	2.8	103.3	72.5	59.3	60.9	61.1	71.4	
11	N. Carolina	\$10,028	2.6%	2.6	2.6	2.7	2.7	56.6	76.4	55.6	56.6	55.8	60.2	
12	Virginia	\$9,419	2.4%	2.4	2.4	2.5	2.5	58.4	68.9	58.0	58.2	58.3	60.4	
13	Minnesota	\$8,235	2.1%	2.1	2.0	2.1	2.1	52.2	63.1	62.3	59.4	82.1	63.8	
14	Maryland	\$8,141	2.1%	2.1	2.1	2.1	2.1	63.0	67.8	74.0	63.7	60.0	65.7	
15	Missouri	\$8,050	2.1%	2.1	2.1	2.1	2.1	80.1	97.7	58.3	58.5	65.6	72.0	
16	Indiana	\$7,528	1.9%	1.9	1.9	1.9	1.9	75.4	61.9	51.5	59.7	73.8	64.5	
17	Wisconsin	\$7,474	1.9%	1.9	1.9	1.9	1.9	57.4	60.9	61.9	58.7	63.3	60.4	
18	Washington	\$7,364	1.9%	1.9	1.9	1.9	1.9	54.7	54.7	58.0	62.1	55.3	57.0	
19	Colorado	\$7,325	1.9%	1.8	1.9	1.9	1.9	71.9	61.4	63.4	74.9	58.0	65.9	
20	Tennessee	\$6,947	1.8%	1.7	n/a	n/a	n/a	65.0	94.9	n/a	n/a	n/a	80.0	
	All other	\$109,049	28.2%	28.5	33.6	28.1	27.9	53.2	68.6	61.7	58.9	65.1	61.5	
	Total/Avg.	\$387,212	100.0%	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>64.0</u>	<u>67.0</u>	<u>60.9</u>	<u>61.3</u>	<u>68.8</u>	<u>64.4</u>	

* Direct Pure Loss Ratio is calculated by dividing losses incurred by direct earned premium.
Source: NAIC State Data Network; aggregate Schedule T for all property/casualty insurers.

The following map identifies the percentage of total written premium and loss ratio for the property/casualty industry in ten regions of the United States during 2012 as well as the 5-year average.

Distribution of Direct Written Premium & Loss Ratios by Region



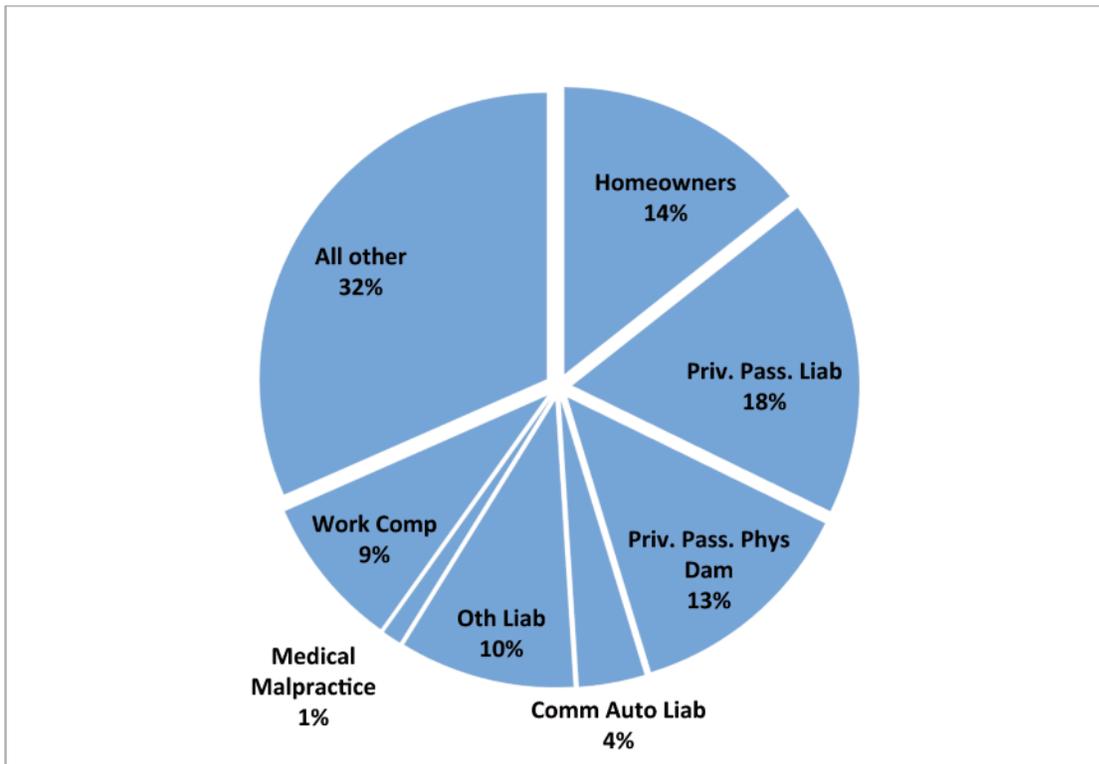
2012	Pacific	Mountain	Northwest Central	Southwest Central	Northeast Central	Southeast Central	Mid-Atlantic	South Atlantic	New England	Other*	Total All Regions
% Total DPW	14.3%	6.6%	8.5%	9.4%	15.1%	5.2%	14.5%	19.0%	4.4%	1.2%	100.0%
Direct Loss Ratio	55.9%	61.4%	71.1%	60.8%	69.8%	65.3%	82.6%	56.5%	54.7%	51.5%	64.0%
Loss Ratio – 5 year average	55.5%	63.3%	67.3%	66.5%	67.6%	68.1%	73.8%	61.2%	56.0%	62.4%	64.2%

*Other includes Puerto Rico and the U.S. Virgin Islands, Canada, American Samoa, Guam and N. Mariana Islands

Catastrophic hurricanes in recent years have contributed to increase in loss ratios in some of coastal regions. Also tornadic and severe weather greatly affected loss ratios in central plains.

The following graph reflects the distribution of all Illinois property/casualty insurance premiums written during 2012. Personal lines of insurance include homeowners', private passenger automobile liability, and private passenger automobile physical damage coverage. Combined, these coverages make up approximately 45 percent of the overall property/casualty insurance written in the state of Illinois. The amount of written premium by line of insurance in 2012 remains very consistent with previous years.

Percent of All Property & Casualty Premiums Written in Illinois by line (2012)



Source: NAIC State Data Network State Page Exhibit

Section 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

HOMEOWNERS'

The following table compares homeowners' insurance written in Illinois to the countrywide market. Written premium in Illinois continues to grow at a higher rate. In 2012, total written premiums for homeowners' coverage written in Illinois rose by 5.84 percent from 2011. Nationally, total written premium for all homeowners' coverage rose by 4.74 percent during the same period.

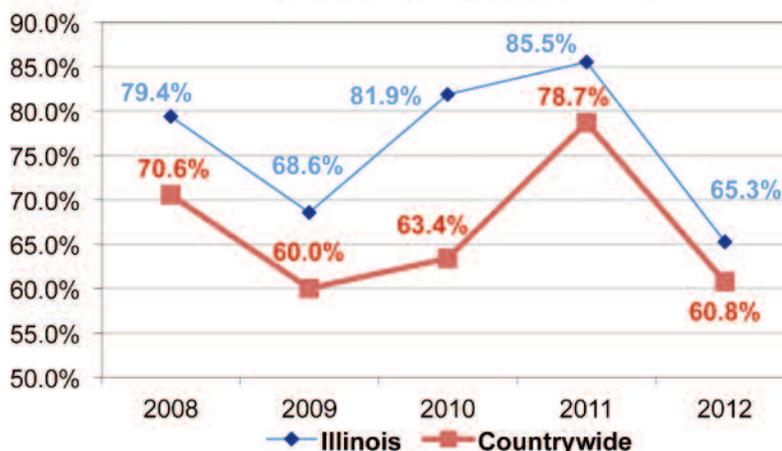
Homeowners' Underwriting Results (2012)

Homeowners' (\$000 omitted)	Illinois	Countrywide
Direct written premiums	3,002,842	55,520,722
Direct earned premiums	2,905,844	54,046,488
Expenses (% premium)		
Incurred losses	65.3%	60.8%
Def. & cost cont. exp. Incurred	1.3%	1.4%
Comm./brokerage	13.0%	12.8%
Taxes, licenses & fees	1.6%	2.5%

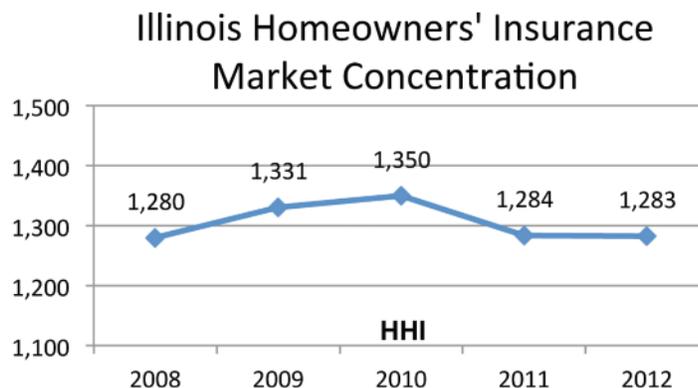
NAIC State Data Network, 2012 Illinois State Page Exhibit

The following chart provides a comparison of incurred losses for homeowners' insurance over the past 5 years. As indicated below, the loss ratio for both the Illinois and countrywide markets significantly decreased during 2012. Illinois market experienced a decrease in losses of 20.2 percent compared to a decrease of over 17.9 percent countrywide.

Homeowners' Losses as a percent of Earned Premiums (2008 -2012)



The following graph reflects the HHI for Illinois homeowners' insurance from 2008 through 2012. As the following chart shows, the homeowners' insurance market available to Illinois consumers continues to exhibit a healthy stable level of competition for Illinois consumers.



The following table identifies the top ten writers of homeowners' insurance in Illinois based on written premium in 2012, and for comparison in 2011. In summary, the ten companies identified wrote over 2.0 billion dollars in written premium and combined for a total of 68 percent of the total Illinois market share

Top 10 Homeowners' Insurers in Illinois

<i>Company</i>	<i>2012 Written Premium</i>	<i>2011 Written Premium</i>	<i>2012 Market Share</i>	<i>2011 Market Share</i>	<i>2012 Loss Ratio</i>	<i>2011 Loss Ratio</i>
State Farm Fire & Cas Co	986,869,913	927,837,154	32.87%	32.70%	70.56%	86.78%
Country Mut Ins Co	257,889,063	244,141,582	8.59%	8.61%	64.39%	76.41%
Allstate Ind Co	192,342,042	201,686,059	6.41%	7.11%	52.35%	100.78%
American Family Mut Ins Co	142,954,400	140,041,466	4.76%	4.94%	60.68%	93.64%
Allstate Ins Co	122,672,132	126,266,333	4.09%	4.45%	47.79%	83.68%
Farmers Ins Exch	99,303,135	85,452,278	3.31%	3.01%	58.01%	68.70%
Allstate Prop & Cas Ins Co	68,983,190	60,969,261	2.30%	2.15%	58.39%	113.09%
Travelers Home & Marine Ins Co	64,851,000	64,615,917	2.16%	2.28%	54.01%	88.48%
Illinois Farmers Ins Co	58,238,007	60,897,108	1.94%	2.15%	38.64%	38.21%
Safeco Ins Co Of IL	52,340,087	37,472,103	1.74%	1.32%	56.03%	81.70%

In addition to statewide data, the Department collects homeowners' data based on the geographical location of the insured pursuant to Title 50 Illinois Administrative Code Part 4203 (Part 4203) as authorized by the Illinois Insurance Cost Containment Act, 215 ILCS 5/1200 et seq. This data allows the Department to identify and compare the 2012 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<i>Company</i>	<i>Statewide Market Share</i>	<i>City of Chicago</i>	<i>Remainder of State</i>
State Farm Fire & Cas Co	32.75%	36.88%	31.17%
Country Mut Ins Co	8.56%	1.62%	9.56%
Allstate Ind Co	6.38%	10.73%	5.21%
American Family Mut Ins Co	4.74%	5.12%	4.47%
Allstate Ins Co	4.07%	7.65%	3.15%
Farmers Ins Exch	3.30%	3.36%	3.15%
Allstate Prop & Cas Ins Co	2.29%	2.54%	2.14%
Travelers Home & Marine Ins Co	2.15%	2.18%	2.07%
Illinois Farmers Ins Co	1.93%	1.82%	1.87%
Safeco Ins Co Of IL	1.74%	2.33%	1.56%

Homeowner Coverage Descriptions

Homeowners' Insurance is generally purchased in one of several standard coverage types. The coverage types acknowledged as industry standards include HO-1, HO-2, HO-3, HO-4, HO-5, HO-6, & HO-8.

- **Basic Form (HO-1)** – The most basic coverage type providing coverage against 11 specific factors or perils: fire, lightning, smoke, vandalism, theft, ice, snow, windstorm, hail, riot, and volcano eruption. The popularity of this policy has diminished over the years due to the policies extensive coverage gaps.
- **Broad Form (HO-2)** – HO-2 policy forms are also considered a basic coverage form but with a wider scope of coverage than the HO-1. Coverage under an HO-2 policy is limited to 17 perils specifically listed in the policy.
- **Special Form (HO-3)** - Offers property and liability coverage for the dwelling, other structures, and loss of use of the dwelling and other structures for all perils specifically listed in the policy (e.g., fire, lightning, windstorm and hail, falling objects, etc.). Personal property is also covered for perils listed in the policy. HO-3 covers more perils than an HO-2 policy.
- **Tenants Form (HO-4)** - Provides coverage for a renter's personal property, liability, and additional living expenses.
- **Comprehensive Form (HO-5)** - Covers your home and personal property for everything that is not specifically excluded in your policy. This type of policy provides the broadest coverage available but is not offered by all insurers and is usually more expensive. Personal property coverage under an HO-5 is generally broader than an HO-3 policy.
- **Condominium Form (HO-6)** - Covers a condominium owner's personal property and any additions and alterations made to the inside of the owner's unit. Condominium owners can also buy endorsements to protect property and for liability associated with their shares in the condominium association's common ownership.

- **Modified Coverage Form (HO-8)** - Provides coverage when an older home's replacement cost far exceeds its market value. This form allows the policyholder to carry lower limits of insurance rather than try to maintain 80% of replacement cost. The HO-8 policy provides varying methods of loss payment depending on whether the damaged or destroyed building is repaired or replaced.

The following table summarizes the amount of written premium paid by Illinois homeowners' during 2012 for each of the coverage types identified above.

Type of Coverage	2012 Illinois Premium	Market Share
HO-1	2,182,752	0.08%
HO-2	86,879,566	3.12%
HO-3	2,070,779,977	74.35%
HO-4	85,623,098	3.07%
HO-5	383,303,899	13.76%
HO-6	143,307,874	5.15%
HO-8	13,203,785	0.47%
<i>Total</i>	<i>2,785,280,951</i>	<i>100.00%</i>

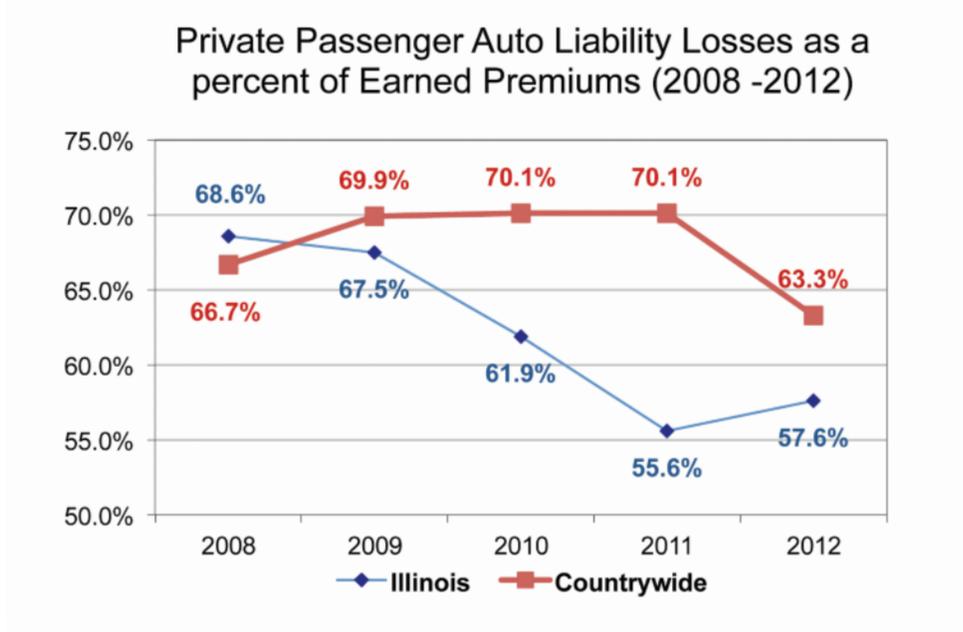
PRIVATE PASSENGER AUTOMOBILE LIABILITY

The following table compares underwriting results for private passenger auto liability insurance written in Illinois with that written countrywide during 2012. The amount of premium written in Illinois for private passenger automobile liability insurance remained virtually unchanged in 2012 compared to an over 10.8 percent decrease on a countrywide basis.

Private Passenger Automobile Liability Underwriting Results (2012)

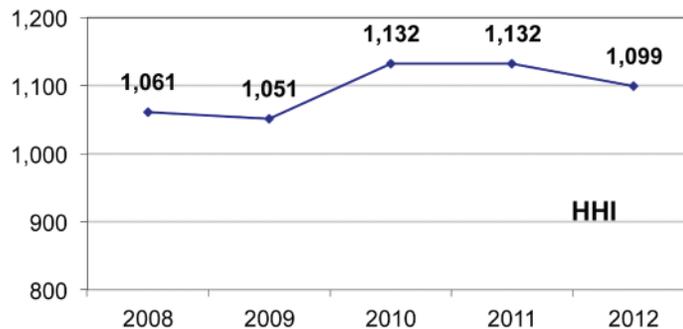
PPAL (\$000 omitted)	Illinois	Countrywide
Direct written premiums	3,215,894	69,164,386
Direct earned premiums	3,212,461	68,441,626
Expenses (% premium)		
Incurring losses	57.6%	63.3%
Def. & cost cont. exp. Incurred	3.8%	3.7%

As reflected in the following chart, the loss ratio for private passenger automobile liability insurance in Illinois experienced a slight increase during 2012 while the countrywide ratio decreased by 6.8 percent from 2011.



As previously mentioned, an HHI of 1800 or above can be an indication of a highly concentrated and possibly anti-competitive market. As reflected below, consumers of private passenger automobile liability insurance in Illinois continue to enjoy a stable, highly competitive market.

Illinois Private Passenger Auto Liability Insurance Market Concentration



The following table identifies the top ten writers of private passenger automobile liability insurance in Illinois based on written premium in 2012. In summary, the ten companies identified wrote approximately 1.967 billion dollars in written premium and combined for a total of 61 percent of the total Illinois market share in 2012.

Top 10 Private Passenger Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2012 Written Premium</i>	<i>2011 Written Premium</i>	<i>2012 Market Share</i>	<i>2011 Market Share</i>	<i>2012 Loss Ratio</i>	<i>2011 Loss Ratio</i>
State Farm Mutual Auto Ins Co	993,188,060	1,019,765,402	30.88%	31.60%	47.60%	47.20%
Allstate Fire & Casualty Ins Co	173,938,602	149,841,549	5.41%	4.60%	64.56%	61.20%
Illinois Farmers Ins Co	156,911,717	146,478,182	4.88%	4.50%	67.94%	56.70%
Country Preferred Ins Co	141,711,864	139,197,095	4.41%	4.30%	63.02%	59.20%
American Family Mutual Ins Co	138,334,740	140,321,778	4.30%	4.30%	63.10%	59.30%
Country Mutual Ins Co	98,363,401	111,038,344	3.06%	3.40%	59.80%	64.50%
State Farm Fire & Casualty Co	71,109,273	63,092,981	2.21%	2.00%	62.57%	59.80%
Allstate Ins Co	70,377,830	78,505,660	2.19%	2.40%	74.64%	71.60%
Progressive Universal Ins Co	65,501,594	30,704,143	2.04%	1.8%	55.49%	54.7%
Geico Gen Ins Co	57,369,452	64,616,568	1.78%	2.00%	70.29%	71.20%

In addition to statewide data, the Department collects private passenger auto liability insurance data based on the geographical location of the insured. This data allows the Department to identify and compare the 2012 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<i>Company</i>	<i>Statewide</i>	<i>City of Chicago</i>	<i>Remainder of State</i>
State Farm Mutual Auto Ins Co	29.5%	32.84%	29.54%
Allstate Fire & Casualty Ins Co	5.2%	7.52%	5.00%
Illinois Farmers Ins Co	4.7%	4.61%	4.95%
Country Preferred Ins Co	4.2%	0.51%	4.99%
American Family Mutual Ins Co	4.1%	3.66%	4.32%
Country Mutual Ins Co	2.9%	0.22%	3.47%
State Farm Fire & Casualty Co	2.1%	2.78%	2.05%
Allstate Ins Co	2.1%	2.59%	2.09%
Progressive Universal Ins Co	1.9%	1.76%	1.20%
Geico Gen Ins Co	1.7%	3.03%	1.55%

PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE

The following table compares underwriting results for private passenger physical damage insurance written in Illinois to statistics reflecting the same market countrywide. The physical damage market in Illinois experienced a mild increase of approximately 2 percent reduction in written premium during 2012 while the market experienced a 3.3 percent increase on a countrywide basis.

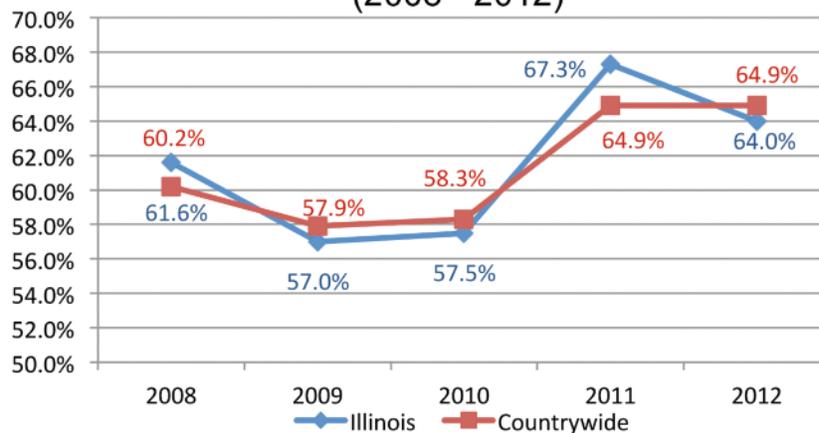
Private Passenger Automobile Physical Damage Underwriting Results (2012)

PPAPD(\$000 omitted)	Illinois	Countrywide
Direct written premiums	2,384,001	50,552,481
Direct earned premiums	2,360,758	49,890,342
Expenses (% premium)		
Incurred losses	64.0%	64.9%
Def. & cost cont. exp. Incurred	0.3%	0.3%
Comm./brokerage	10.2%	8.2%
Taxes, licenses & fees	1.2%	2.3%

NAIC State Data Network, 2012 Illinois State Page Exhibit

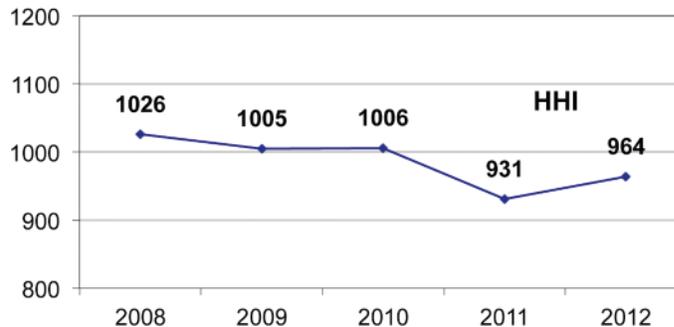
The loss ratio for private passenger physical damage coverage experienced a decrease in Illinois while the ratio remained the same nationally. The Illinois market reflected a 3.3 percent loss ratio decrease in 2012.

Private Passenger Auto Physical Damage Losses as a percent of Earned Premiums (2008 - 2012)



As private passenger liability insurance and private passenger physical damage are closely associated and generally marketed jointly, the market concentration of the two lines of insurance should be closely related. As reflected in the following chart, Department research continues to indicate Illinois consumers are experiencing a healthy and competitive automobile physical damage market.

Illinois Private Passenger Physical Damage Insurance Market Concentration



The following table identifies the top ten writers of private passenger physical damage insurance in Illinois based on written premium in 2012. In summary, the ten companies identified wrote a total of 1.49 billion dollars in premium and combined for a total of 62 percent of the total Illinois market in 2012.

Top 10 Private Passenger Automobile Physical Damage Insurers in Illinois

<i>Company</i>	<i>2012 Written Premium</i>	<i>2011 Written Premium</i>	<i>2012 Market Share</i>	<i>2011 Market Share</i>	<i>2012 Loss Ratio</i>	<i>2011 Loss Ratio</i>
State Farm Mutual Auto Ins Co	669,997,209	642,576,188	28.10%	27.50%	79.04%	85.90%
Allstate Fire & Casualty Ins Co	150,999,375	130,665,158	6.33%	5.60%	52.49%	61.30%
Allstate Ins Co	115,443,445	130,778,058	4.84%	5.60%	23.51%	27.20%
Illinois Farmers Ins Co	107,216,216	98,159,013	4.50%	4.20%	66.90%	71.80%
Country Preferred Ins Co	104,992,210	99,285,795	4.40%	4.20%	63.00%	58.60%
American Family Mutual Ins Co	104,745,480	109,093,763	4.39%	4.70%	56.27%	60.70%
Country Mutual Ins Co	85,586,132	91,769,576	3.59%	3.90%	57.54%	57.80%
Geico Gen Ins Co	52,756,510	57,217,178	2.21%	2.40%	62.34%	74.00%
Allstate Prop & Casualty Ins Co	50,983,173	59,321,012	2.14%	2.50%	38.68%	45.00%
State Farm Fire & Cas Co	43,156,860	35,952,052	1.81%	1.50%	92.50%	100.8%

In addition to statewide data, the Department also collects private passenger auto physical damage insurance data pursuant to Title 50 Illinois Administrative Code Part 4203 as authorized by the Illinois Insurance Cost Containment Act, 215 ILCS 5/1200 et seq. This data allows the Department to identify and compare the 2012 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<i>Company</i>	<i>Statewide Market Share</i>	<i>City of Chicago</i>	<i>Remainder of State</i>
State Farm Mutual Auto Ins Co	26.9%	30.40%	27.09%
Allstate Fire & Casualty Ins Co	6.1%	7.98%	5.67%
Allstate Ins Co	4.6%	4.93%	4.78%
Illinois Farmers Ins Co	4.3%	4.71%	4.63%
Country Preferred Ins Co	4.2%	0.52%	5.16%
American Family Mutual Ins Co	4.2%	3.65%	4.23%
Country Mutual Ins Co	3.4%	0.24%	4.23%
Geico Gen Ins Co	2.1%	4.32%	1.88%
Allstate Prop & Casualty Ins Co	2.0%	2.08%	1.89%
State Farm Fire & Cas Co	1.7%	2.75%	1.63%

COMMERCIAL AUTOMOBILE LIABILITY

The following table compares underwriting results for commercial automobile liability insurance written in Illinois with that written countrywide during 2012. The commercial automobile markets experienced a mild increase in Illinois market and a mild decrease in countrywide market. Written premiums for commercial automobile liability coverage in Illinois increased by 13 million dollars or 1.9 percent compared to a decrease of 175.3 million or 1.2 percent countrywide.

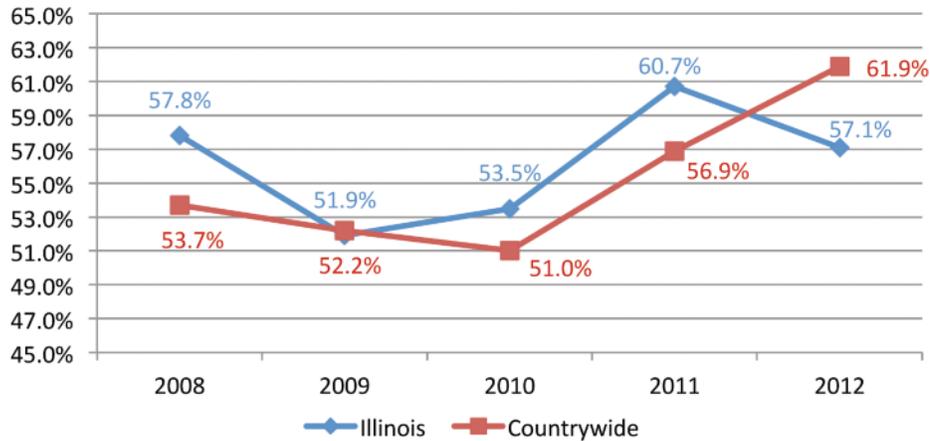
Commercial Auto Liability Underwriting Results (2012)

Commercial Auto Liability (\$000 omitted)	Illinois	Countrywide
Direct written premiums	691,158	14,310,918
Direct earned premiums	672,583	14,133,050
Expenses (% premium)		
Incurred losses	57.1%	61.9%
Def. & cost cont. exp. Incurred	7.9%	6.9%
Comm./brokerage	14.3%	14.8%
Taxes, licenses & fees	1.7%	2.7%

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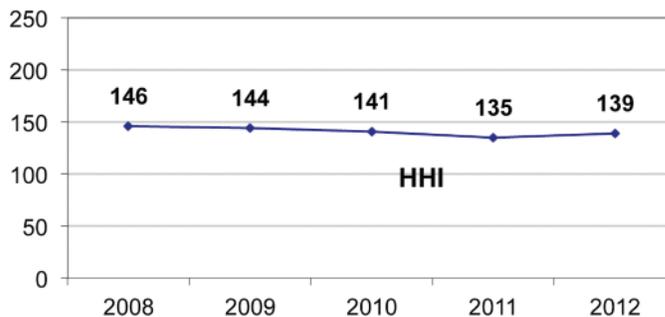
As reported with private passenger automobile liability and physical damage coverage, the commercial auto liability markets experienced a general decrease in Illinois and an increase countrywide. Specifically, the Illinois market experienced a decrease of 3.6 percent compared to a 5.0 percent increase countrywide during 2012.

Commercial Auto Liability Losses as a percent of Earned Premiums (2008 - 2012)



As reflected in the following graph, the very low and stable HHI for the Illinois commercial automobile liability market continues to confirm a competitive market remains available to Illinois consumers. Based on these results the system for cost containment appears to be appropriate for Illinois consumers in this market.

Illinois Commercial Auto Liability Insurance Market Concentration



The following table identifies the top ten writers of commercial automobile liability insurance in Illinois based on written premium in 2012. In summary, the ten companies identified wrote a total of approximately 196 million dollars in premium and combined for a total of 28.3 percent of the total Illinois market share in 2012.

Top 10 Commercial Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2012 Written Premium</i>	<i>2011 Written Premium</i>	<i>2012 Market Share</i>	<i>2011 Market Share</i>	<i>2012 Loss Ratio</i>	<i>2011 Loss Ratio</i>
Great West Casualty Co	29,211,831	27,992,529	4.23%	4.10%	54.12%	68.00%
Transguard Ins Co of America Inc	21,884,564	21,079,806	3.17%	3.10%	26.42%	40.40%
Pekin Ins Co	21,028,384	17,887,491	3.04%	2.60%	72.24%	54.60%
National Union Fire Ins Co Of Pitts	20,697,419	20,667,901	2.99%	3.00%	23.87%	76.10%
Northland Ins Co	19,951,636	17,488,611	2.89%	2.60%	50.73%	67.80%
Zurich American Ins Co	19,638,427	19,040,779	2.84%	2.80%	61.61%	52.40%
Acuity A Mutual Ins Co	19,630,608	16,692,166	2.84%	2.50%	48.72%	60.90%
Cincinnati Ins Co	17,642,475	19,757,964	2.55%	2.90%	53.49%	51.90%
Illinois National Ins Co	13,573,756	8,510,093	1.96%	1.30%	94.69%	-12.20%
Country Mutual Ins Co	12,694,442	12,307,665	1.84%	1.80%	76.83%	70.30%

Pursuant to Part 4203, the Department collects data for classes of commercial automobile liability insurance in several specific areas: Trucks, Tractors, Trailers and Taxicabs & Public Livery. The market share data below represents the percent of overall premium for each group during 2012.

Trucks, Tractors, and Trailers	Market Share
Transguard Ins Co of America Inc	5.86%
Cincinnati Insurance Company The	5.35%
American Service Insurance Company Inc	4.39%
National Specialty Insurance Company	4.38%
Northland Insurance Company	3.99%
Artisan and Truckers Casualty Company	3.54%
Great West Casualty Company	3.10%
Acuity A Mutual Insurance Company	3.06%
Canal Insurance Company	2.61%
First Chicago Insurance Company	2.53%

Taxi / Limousine	Market Share
American Service Insurance Company Inc	24.75%
Starnet Insurance Company	15.64%
Echelon Property & Casualty Ins Co	14.60%
Wesco Insurance Company	10.51%
Lancer Insurance Company	7.44%
American Country Insurance Company	7.03%
Selective Insurance Company of SC	3.48%
Rockford Mutual Insurance Company	2.66%
Sentinel Insurance Company Ltd	1.73%
Argonaut Midwest Insurance Company	1.67%

MEDICAL MALPRACTICE LIABILITY

The following table compares underwriting results for medical malpractice liability coverage written in Illinois with that written countrywide during 2012. The reduction in written premium within the medical malpractice market over the last several years continued in 2012. The Illinois market experienced a reduction in written premium of 25.8 million dollars or 5.7 percent. Nationally, the reduction was 158 million or less than 3.7 percent difference from 2011.

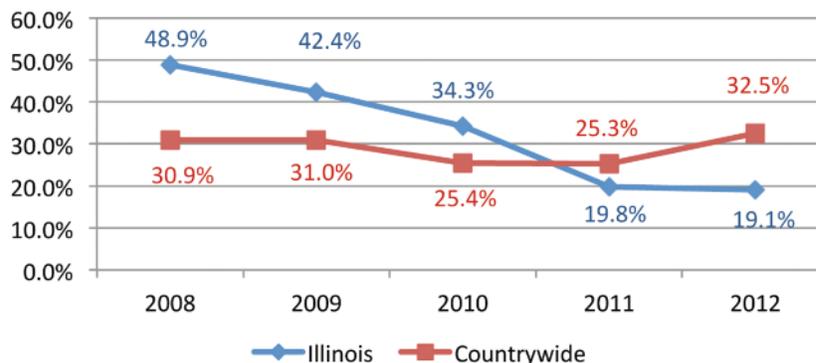
Medical Malpractice Liability Underwriting Results (2012)

Medical Malpractice Liability (\$000 omitted)	Illinois	Countrywide
Direct written premiums	424,087	4,103,824
Direct earned premiums	438,253	4,152,896
Expenses (% premium)		
Incurring losses	19.1%	32.5%
Def. & cost cont. exp. Incurred	15.4%	15.5%
Comm./brokerage	8.0%	9.8%
Taxes, licenses & fees	2.5%	1.9%

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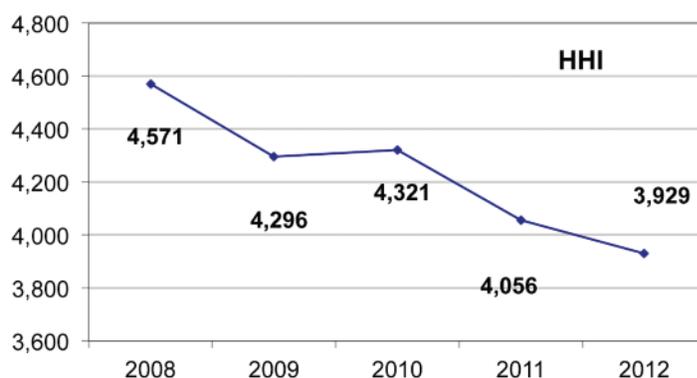
As indicated below, the loss ratio for the medical malpractice market continues to improve within Illinois. It should be noted that the loss ratio for the Illinois market remained approximately the same compared to a national increase of 7.2 percent during 2012.

Medical Malpractice Liability Losses as a Percent of Earned Premiums (2008 – 2012)



The following graph highlights the market concentration for medical malpractice carriers in Illinois between 2008 and 2012. Consistent with most states, the largest writer of medical malpractice insurance in Illinois remains a physician-affiliated company. In Illinois that provider is ISMIE Mutual Insurance Company, which wrote 62 percent of the medical malpractice coverage in 2012. The second largest medical malpractice insurer, by direct written premium, was the Doctors Company, which wrote 7.5 percent of the Illinois market. As reflected below, the Illinois medical malpractice market shows consistent signs of improvement but remains a highly concentrated market.

Illinois Medical Malpractice Liability Insurance Market Concentration



The following table identifies the top ten writers of medical malpractice insurance in Illinois based on written premium during 2012. In summary, the ten companies identified wrote a total of approximately 380 million dollars in premium and combined for a total of 90.0 percent of the total Illinois market share in 2012.

Top 10 Medical Malpractice Insurers in Illinois

Company	2012 Written Premium	2011 Written Premium	2012 Market Share	2011 Market Share	2012 Loss Ratio	2011 Loss Ratio
ISMIE Mutual Ins Co	261,362,125	282,984,898	61.63%	62.9%	20.73%	17.2%
Doctors Co An Inter-Insurance Exch	31,542,476	17,493,028	7.44%	3.9%	35.33%	-21.7%
Medical Protective Co	24,648,336	26,860,894	5.81%	6.0%	17.55%	40.6%
ProAssurance Casualty Co	15,483,505	15,904,162	3.65%	3.5%	33.59%	-17.7%
Medical Alliance Ins Co	11,188,063	11,269,971	2.64%	2.5%	30.37%	35.0%
Preferred Professional Ins Co	8,656,490	8,572,011	2.04%	1.9%	52.92%	62.7%
Columbia Casualty Co	7,749,942	7,470,141	1.83%	1.7%	71.90%	50.1%
ProAssurance Specialty Co	7,321,338	1,380,900	1.73%	0.3%	49.34%	-1.30%
Podiatry Ins Co Of America	6,478,054	6,223,356	1.53%	1.4%	36.07%	46.7%
American Casualty Co Of Reading PA	6,021,859	6,558,606	1.42%	1.5%	18.18%	20.7%

Pursuant to Part 4203, the Department collects data for a number of various medical malpractice coverages. The following data reflects the top ten companies by market share based on the specific coverage type indicated.

Medical Malpractice / Surgery	Market Share
ISMIE Mutual Insurance Company	63.58%
Doctors' Company The	9.96%
Medicus Insurance Company	5.80%
Medical Protective Company The	5.68%
Proassurance Casualty Company	3.47%
Preferred Professional Insurance Company	3.19%
Medical Alliance Insurance Company	2.24%
Professional Solutions Insurance Company	1.45%
OMS National Insurance Company, RRG	1.07%
Doctors Direct Insurance Inc	0.84%

Medical Malpractice / Non-surgery	Market Share
ISMIE Mutual Insurance Company	67.07%
Medical Alliance Insurance Company	13.88%
Doctors' Company The	7.43%
Medicus Insurance Company	7.26%
Medical Protective Company The	2.34%
Preferred Professional Insurance Company	1.03%
United States Fire Insurance Company	0.38%
Professional Solutions Insurance Company	0.34%
First Professionals Ins Co Inc	0.13%
Proassurance Casualty Company	0.08%

Medical Malpractice / Other	Market Share
ISMIE Mutual Insurance Company	61.76%
Medical Protective Company The	6.39%
Proassurance Casualty Company	4.26%
Medicus Insurance Company	3.74%
Podiatry Insurance Co of America	2.88%
American Casualty Company of Reading PA	2.63%
Professional Solutions Insurance Company	2.47%
NCMIC Insurance Company	2.13%
National Union Fire Insurance Co of Pitt	1.69%
Medical Alliance Insurance Company	1.56%

OTHER LIABILITY

The following table compares underwriting results for other liability written in Illinois with that written countrywide during 2012. Written premiums for other liability coverage in Illinois experienced an increase of over 404 million dollars or 21 percent during 2012. Nationally, written premiums for the market increased by 2.2 billion, a 6.2 percent increase from 2011.

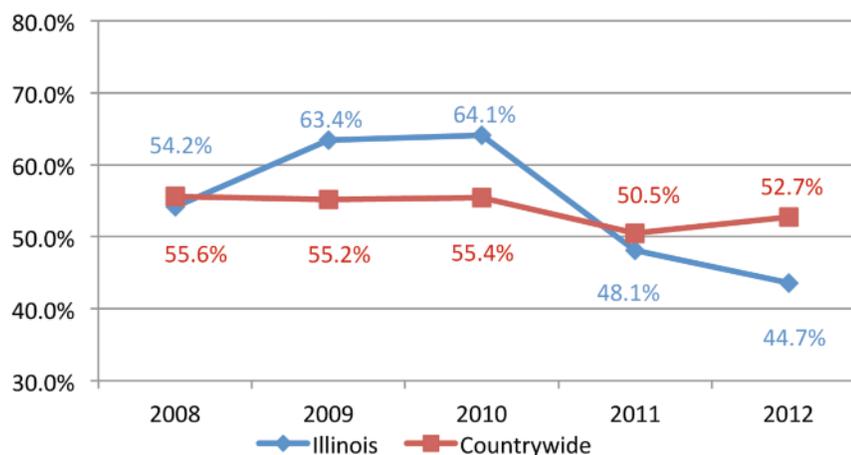
Other Liability Underwriting Results (2012)

Other Liability (\$000 omitted)	Illinois	Countrywide
Direct written premiums	2,331,411	37,936,119
Direct earned premiums	2,121,511	37,076,882
Expenses (% premium)		
Incurred losses	43.6%	52.7%
Def. & cost cont. exp. Incurred	7.1%	12.3%
Comm./brokerage	10.3%	12.7%
Taxes, licenses & fees	1.8%	2.2%

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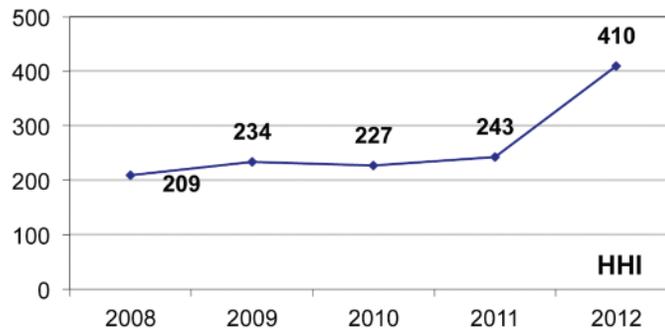
As illustrated in the following chart the loss ratio for other liability insurance experienced an increase in countrywide by 2.2 percent. The loss ratio for the Illinois market was decreased by 3.4 percent.

Other Liability Losses as a percent of Earned Premiums (2008 - 2012)



As with all other lines addressed in this report, the Department has determined the HHI for the other liability market available to Illinois consumers. The following graph confirms that the market continues to be very competitive and that the current market regulation systems related to this line of insurance appear to remain appropriate for Illinois consumers.

Illinois Other Liability Insurance Market Concentration



The following table identifies the top ten writers of other liability insurance in Illinois based on written premium in 2012. In summary, the ten companies participating in the other liability market wrote a total of approximately 1.1 billion dollars in premium and combined for a total of 45 percent of the total Illinois market share in 2012.

Top 10 Other Liability Insurers in Illinois

Company	2012 Written Premium	2011 Written Premium	2012 Market Share	2011 Market Share	2012 Loss Ratio	2011 Loss Ratio
Continental Casualty Co	307,476,617	171,203,578	13.19%	8.9%	47.41%	14.3%
Virginia Surety Co Inc	281,048,152	310,453	12.05%	0.0%	60.05%	-731.2%
Federal Ins Co	115,395,544	117,957,614	4.95%	6.1%	17.56%	19.6%
National Union Fire Ins Co Of Pitts	58,563,085	81,215,140	2.51%	4.2%	57.69%	-28.3%
State Farm Fire & Casualty Co	57,379,908	58,271,901	2.46%	3.0%	25.44%	22.9%
Zurich American Ins Co	55,105,185	65,150,272	2.36%	3.4%	812.56%	106.1%
Illinois National Ins Co	54,954,389	103,502,241	2.36%	5.4%	-596.34%	66.6%
Ace American Ins Co	53,371,626	51,774,589	2.29%	2.7%	1.43%	52.7%
Underwriters At Lloyds London	41,506,312	50,345,421	1.78%	2.6%	44.05%	46.1%
Travelers Casualty & Surety Co Of America	35,758,912	33,846,294	1.53%	1.8%	44.11%	48.1%

Pursuant to Part 4203, the Department collects data for a number of various coverage classes within the other liability line of insurance. The following data reflects the top ten companies by market share based on the specific coverage type indicated.

Liquor Liability	Market Share
Underwriters At Lloyds London	28.70%
Illinois Cas Co A Mut Co	28.03%
US Ins Co of Amer	12.78%
Specialty Risk of Amer	5.98%
Founders Ins Co	4.89%
North Pointe Ins Co	3.73%
Capitol Ind Corp	2.69%
West Bend Mut Ins Co	2.10%
RSUI Ind Co	1.30%
Sentinel Ins Co Ltd	0.74%

Lawyers Professional Liability	Market Share
Continental Cas Co	30.05%
Illinois State Bar Assn Mut Ins Co	26.92%
Chicago Ins Co	8.13%
Liberty Ins Underwriters Inc	7.57%
Great Divide Ins Co	6.03%
American Zurich Ins Co	3.20%
AXIS Surplus Ins Co	3.15%
Interstate Fire & Cas Co	2.08%
Ironshore Ind Inc	1.62%
Twin City Fire Ins Co Co	1.53%

Commercial Day Care Liability	Market Share
West Bend Mut Ins Co	50.66%
Philadelphia Ind Ins Co	19.78%
Capitol Ind Corp	12.37%
Riverport Ins Co	8.13%
Guideone Mut Ins Co	2.29%
Cincinnati Ins Co	1.43%
Erie Ins Exch	1.22%
Guideone Elite Ins Co	0.92%
Catlin Ind Co	0.65%
Acuity A Mut Ins Co	0.44%

WORKERS' COMPENSATION INSURANCE

The following table compares underwriting results for workers' compensation coverage written in Illinois with that written countrywide during 2012. The Illinois market reported an increase of over 485 million or approximately 25.2 percent increase during 2012. Nationally, the market showed a decrease of 2.7 billion or 7.5 percent.

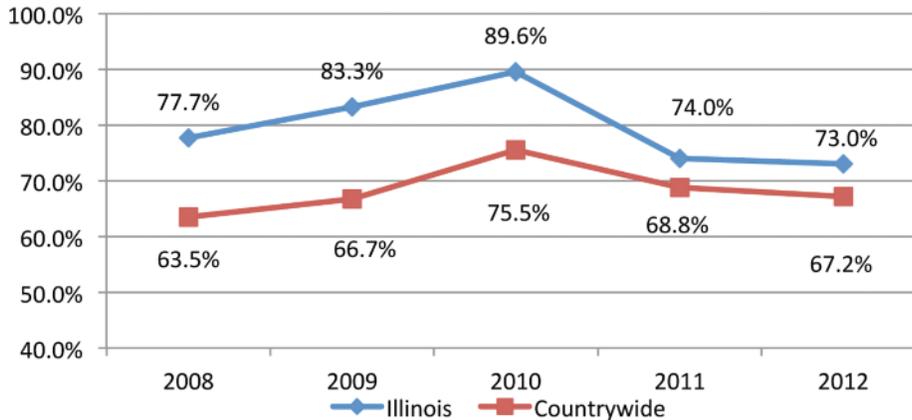
Workers' Compensation Insurance Underwriting Results (2012)

Workers' Compensation(\$000 omitted)	Illinois	Countrywide
Direct written premiums	2,412,348	33,055,498
Direct earned premiums	2,377,005	32,362,628
Expenses (% premium)		
Incurred losses	73.0%	67.2%
Def. & cost cont. exp. Incurred	7.6%	8.0%
Comm./brokerage	7.7%	8.2%
Taxes, licenses & fees	1.9%	4.6%

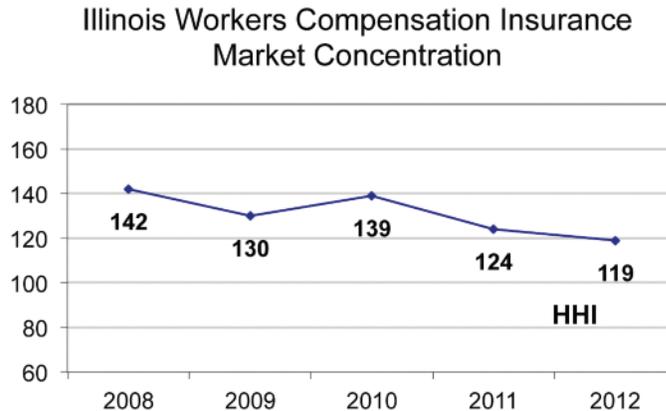
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As illustrated below, the loss ratio related to workers' compensation activity showed a mild decrease both in Illinois and countrywide. The loss ratios were decreased by 1 percent and 1.6 percent in 2012, in Illinois and countrywide, respectively.

Workers' Compensation Losses as a percent of Earned Premiums (2008 - 2012)



As with all other lines addressed in this report, the Department has determined the HHI for the workers' compensation market available to Illinois consumers. Based on available data, it appears the Illinois workers' compensation market continues to contain sufficient insurers to maintain a competitive market for Illinois employers.



The following table identifies the top ten writers of workers' compensation insurance in Illinois based on written premium in 2012. In summary, the ten companies identified wrote a total of approximately 585 million dollars in premium and combined for a total of 24.3 percent of the total Illinois workers' compensation market in 2012.

Top 10 Workers' Compensation Insurers in Illinois

Company	2012 Written Premium	2011 Written Premium	2012 Market Share	2011 Market Share	2012 Loss Ratio	2011 Loss Ratio
Zurich American Ins Co	103,258,201	103,056,468	4.28%	4.5%	173.26%	62.2%
Travelers Prop Cas Co Of Amer	86,248,701	82,259,877	3.58%	3.6%	77.43%	104.4%
Country Mutual Ins Co	55,812,589	48,551,584	2.31%	2.1%	65.05%	93.0%
Acuity A Mutual Ins Co	53,967,299	44,750,648	2.24%	2.0%	82.16%	83.9%
Technology Ins Co Inc	52,782,807	42,235,736	2.19%	1.8%	83.69%	94.2%
American Zurich Ins Co	49,777,255	40,887,235	2.06%	1.8%	109.41%	77.5%
Illinois National Ins Co	48,289,547	71,693,087	2.00%	3.1%	33.80%	78.6%
Pekin Ins Co	47,670,493	43,195,879	1.98%	1.9%	82.27%	59.4%
Commerce & Industry Ins Co	45,052,056	42,003,078	1.87%	1.8%	42.38%	-103.1%
Travelers Ind Co of Amer	42,386,866	35,982,226	1.76%	1.6%	59.44%	85.7%

Section 3:

RESIDUAL MARKET MECHANISMS

States establish residual market mechanisms to provide coverage for consumers who are unable to buy coverage in the voluntary market. Illinois residual market mechanisms provide essential insurance coverage for the hard-to-place risk at rate levels approved by the Department. Illinois has residual market mechanisms for three lines of insurance: property, automobile, and workers' compensation.

PROPERTY

The Illinois FAIR Plan Association (FAIR Plan)

Fire and homeowners' insurance may be placed directly through the Illinois FAIR Plan. Both personal and commercial insurance is available to consumers. Insurance companies share in the FAIR Plan's profits and losses in proportion to their voluntary market shares.

In Illinois, property insurance is widely available in the voluntary marketplace and only a very small percentage of consumers obtain coverage through the FAIR Plan. In addition, Illinois consumers are not at a coverage disadvantage when they buy insurance from the FAIR Plan, as is the case in many other states. In other states, residual market programs typically only offer dwelling fire or basic homeowners' policies. Illinois has one of the most progressive plans in the nation. Through the FAIR Plan, Illinois consumers can buy virtually the same coverages that are available in the voluntary marketplace, including guaranteed replacement cost, sewer back-up, earthquake, and building ordinance and law endorsements.

The following table summarizes the amount of dwelling and homeowner premium written by the FAIR Plan in Illinois from 2008 through 2012. As reflected in the data, the consistently low market share reflects a very healthy and competitive primary insurance market.

Written Premiums for Illinois FAIR Plan (2008-2012)

	Amount of Written Premiums	As % of Total Written Premiums
2008	\$5,258,275	0.19%
2009	\$5,193,870	0.20%
2010	\$5,542,885	0.20%
2011	\$6,194,487	0.22%
2012	\$6,626,297	0.22%

Source: Premium amounts provided by Illinois FAIR Plan

AUTOMOBILE

The Illinois Automobile Insurance Plan (Auto Plan)

Private passenger automobile risks are assigned to automobile insurers on a rotational basis in proportion to their share of the voluntary market. Assignments stay with the company and are not shared with other insurers. Commercial automobile risks are placed through servicing companies. Losses are divided among the voluntary writers of commercial automobile insurance in proportion to their share of the voluntary business.

The following table identifies the annual market share from 2008 through 2011 (latest data year available) for the Illinois Automobile Insurance Plan compared to countrywide data. The percent of written car-years is derived by dividing the number of written car-years insured through the residual market by the total number of written car-years insured through the voluntary market.

As indicated by the data, a comparison of the Illinois market share to the countrywide ratio reinforces the fact that the voluntary auto insurance market in Illinois is extremely effective.

Percent of Automobiles in the Illinois Assigned Risk Plan and the United States Composite Automobile Residual Market (2008-2011)

	2008	2009	2010	2011
Illinois	.01%	.01%	.01%	.01%
Countrywide	.89%	.87%	.94%	.94%

Source: AIPSO Facts 2013/2014 (based on liability car-years)

WORKERS' COMPENSATION

The Illinois Workers' Compensation Assigned Risk Pool (Pool)

Several insurers act as servicing carriers for the Illinois Workers' Compensation Assigned Risk Pool. Losses are divided among the voluntary writers of workers' compensation in proportion to their shares of the voluntary business.

The following table highlights the percent of Illinois workers' compensation premiums written through the Pool between 2008 and 2012. As reflected below, based on premiums written through the Pool, the Illinois workers' compensation market continues to remain competitive.

Percent of Illinois Workers' Compensation Written Through the Pool (2008-2012)

	2008	2009	2010	2011	2012
Percent of Total	3.7%	2.8%	2.6%	2.7%	4.8%

Source: National Council on Compensation Insurance (NCCI)

All insurers who write workers' compensation insurance are assessed a fee to fund the assigned risk plan. The Take-Out Program allows each insurer who removes an employer insured through the Plan to be eligible for a credit against their assessed fee. The following table compares total credits during 2011 and 2012.

One factor contributing to the recent reduction of credits is the decrease in amount of coverage placed through the pool. As more coverage is placed in the voluntary market, the Assigned Risk Plan has less coverage available for the Take-Out Program. As indicated by these findings, the workers' compensation market continues to remain competitive at this time.

Illinois Take-Out Credit Results in 2011 and 2012

Year	Total Number of Policies Approved	Approved Credit
2011	3,777	\$17.0 Millions
2012	3,210	\$16.6 Millions

Source: National Council on Compensation Insurance (NCCI)

The following table ranks the top ten employment classes by the amount of premium written through the Assigned Risk Plan. The four employment class codes bolded in the following chart are new to this list in 2012.

Illinois Residual Market Top Ten Classification Codes by Premium Volume for 2012

Rank	Class Code	Class Description	Total State Class Premium	% of Class Premium
1	7228	TRUCKING-LOCAL HAULING ONLY-& DRIVERS	\$4,824,839	5.0%
2	5645	CARPENTRY CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES IN HEIGHT	\$3,512,683	3.6%
3	5551	ROOFING-ALL KINDS & DRIVERS	\$3,057,154	3.1%
4	7229	TRUCKING-LONG DISTANCE HAULING-& DRIVERS	\$2,775,010	2.9%
5	9016	AMUSEMENT PARK OR EXHIBITION OPERATION & DRIVERS	\$2,773,895	2.9%
6	8380	AUTOMOBILE SERVICE OR REPAIR CENTER & DRIVERS	\$2,674,921	2.8%
7	8835	NURSING-HOME HEALTH PUBLIC AND TRAVELING-ALL EMPLOYEES	\$2,233,857	2.3%
8	9014	JANITORIAL SERVICES BY CONTRACTORS-NO WINDOW CLEANING ABOVE GROUND LEVEL & DRIVERS	\$2,132,196	2.2%
9	8868	COLLEGE: PROFESSIONAL EMPLOYEES & CLERICAL	\$2,030,570	2.1%
10	8864	SOCIAL SERVICE ORGANIZATION - ALL EMPLOYEES & SALESPERSONS DRIVERS	\$1,982,885	2.0%

Source: National Council on Compensation Insurance (NCCI)

SURPLUS LINES ASSOCIATION

Insurance placed in the surplus lines market is written by a non-admitted (unlicensed) insurer through a licensed surplus lines producer. The licensed producer must exercise due diligence in protecting the insured since the Department has little jurisdiction over unlicensed companies and the Illinois Insurance Guaranty Fund provides no protection for the consumer. Thus, it is the producer and not the Department who must determine the company's financial stability and standards of management prior to submitting the risk.

The following table outlines the number of policies written in Illinois from 2008 through 2012 by surplus lines producers for homeowners', private passenger auto liability and physical damage, commercial auto liability, medical malpractice, and other liability coverage. The dramatic increase in policies written in the surplus lines market reported in 2009 can be linked directly to a new automobile liability product providing indemnity coverages not normally provided by an automobile liability policy. In 2009, the number of policies written in the surplus lines market increased by 37.9 percent but the overall amount of written premium actually decreased by 7 percent during the same period.

As indicated above, the Department has little regulatory authority over this market. The ability to determine the competitiveness and health of the surplus lines market continues to be difficult to determine by the Department at this time.

Surplus Lines - Number of primary and excess policies written in Illinois (2008 - 2012)

Line of Business	2008 Illinois Policy Count	2009 Illinois Policy Count	2010 Illinois Policy Count	2011 Illinois Policy Count	2012 Illinois Policy Count
Homeowners'	385	644	1,049	2,077	2,833
PPA Liability	129	22,572	19,353	17,991	178
PPA Physical Damage	4,348	5,865	4,491	3,007	1,736
Commercial Auto Liability	149	166	277	278	240
Medical Malpractice	1,084	979	1,134	1,429	1,372
Other Liability	26,414	26,157	26,255	26,620	27,051
Grand Total -all policies-	62,622	86,378	85,143	84,320	63,913

Source: Surplus Lines Association of Illinois

Section 4:

OVERALL MARKET PROFITABILITY & FINANCIAL REGULATION

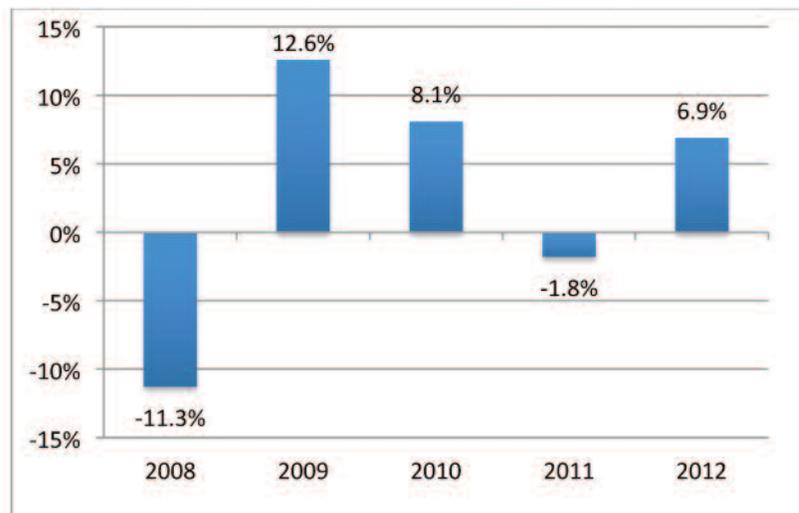
Businesses that provide a financial service must be financially sound. An insurance contract has little value to the insured if there is no guarantee that the insurance company will have the money to pay claims when needed. In determining whether the overall marketplace is viable, the Department has considered a number of factors related to profitability and financial solvency.

PROFITABILITY

One measure of a company's financial performance is its profitability. Any for-profit organization must generate enough profit to survive and succeed. In a given month, if expenses exceed income they must be paid from reserve funds. If the trend continues, reserve funds run out causing the business to collapse. Therefore, it is imperative that insurance companies manage income and expenses to assure profitability and survival. When the majority of insurers in the market are competitive and profitable, the market is considered to be financially strong. Overall, the following measurements indicate a stable market. However, it should be noted that elevated losses during the period resulted in downward pressure on several individual statistics.

One measure of overall profitability is change in policyholders' surplus. This ratio measures a company's ability to increase policyholders' security. Policyholders' surplus is made up of: 1) underwriting gains or losses; 2) investment gains or losses; and 3) net contributed capital and other surplus changes. The following chart summarizes the change in policyholders' surplus for the Illinois-licensed property/casualty industry as a whole over the past five years.

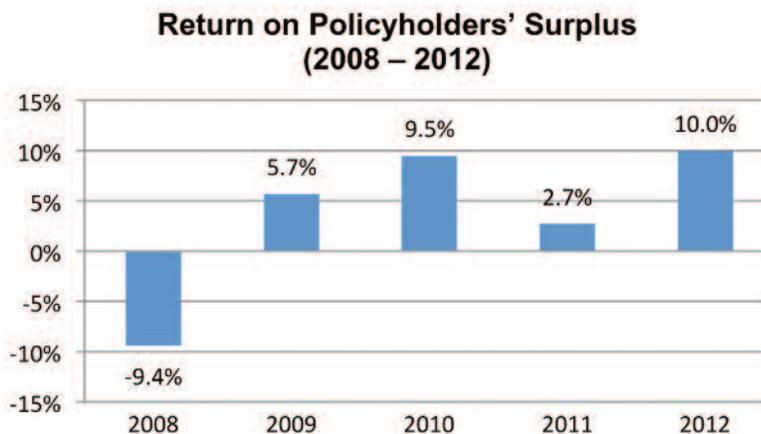
**Change in Policyholders' Surplus
(2008 – 2012)**



Source: NAIC State Data Network

Another measure of overall profitability is return on policyholders' surplus. This ratio measures a company's overall profitability from underwriting and investment activity after taxes. It represents the financial cushion that protects policyholders in case of unexpectedly high claims. The return on policyholder surplus is determined as the sum of the net income after dividends, taxes, and unrealized capital gains divided by the average of the current year and prior year's policyholders' surplus.

The following chart summarizes the aggregate return on policyholders' surplus from 2008 through 2012 for the overall Illinois-licensed property/casualty industry. As reflected below, the decrease experienced in 2011 has been reversed during 2012.



Source: NAIC State Data Network

The following table provides a summary of income from investments, net income, unrealized capital gains/losses and policyholders' surplus from 2008 to 2012 for all property/casualty insurers licensed in Illinois.

**Net Investment Income Earned, Net Income,
Unrealized Capital Gains/Losses and Policyholders' Surplus (in millions)**

	2008	2009	2010	2011	2012
Net Investment gain	\$32,268	\$36,798	\$54,172	\$51,062	51,828
Net Income	6,578	28,520	38,722	\$19,641	36,688
Unrealized Capital Gains/Losses	(53,876)	28,925	13,800	(\$3,919)	21,486
Policyholders' Surplus	470,670	529,402	572,767	\$562,469	599,880

Source: NAIC State Data Network

UNDERWRITING EXPERIENCE

The following table identifies the aggregate underwriting gain/loss for Illinois-licensed insurers from 2008 - 2012. A combination of an increase in earned premium and lower incurred losses have contributed to the improvement in net underwriting gain/loss.

Aggregate Net Underwriting Gain (Loss) (in millions)

	2008	2009	2010	2011	2012
Premiums earned	\$361,832	\$348,552	\$345,602	\$354,835	\$366,690
Losses incurred	241,197	211,845	212,975	239,896	227,625
Loss expenses incurred	41,872	43,006	43,075	43,163	44,587
Other underwriting expenses Incurred	98,441	96,373	97,794	99,623	104,518
Dividends to policyholders	1,146	1,375	1,432	1,196	1,417
Net underwriting gain/loss	(\$20,824)	(\$4,047)	(\$9,674)	(\$29,043)	(\$10,358)

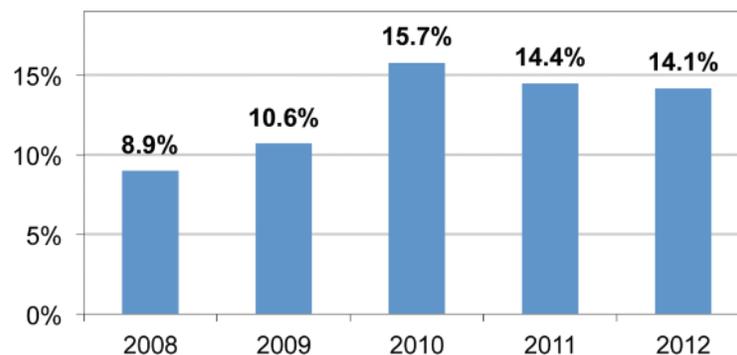
Source: NAIC State Data Network

INVESTMENT INCOME

One component of surplus is income derived from investments. The net investment income ratio measures income from invested assets relative to earned premiums. It is calculated by dividing net investment income (income from invested assets less investment expenses and depreciation on real estate) by earned premium.

The following chart shows the net investment income ratio for Illinois-licensed property/casualty insurers during the last five-year period. This ratio indicates the investment income component of overall profitability.

Net Investment Income Ratio (2008 – 2012)



Source: NAIC State Data Network

INSURANCE REGULATION PRINCIPLES

Although the Department cannot guarantee an Illinois-licensed insurer's profitability, we do monitor the financial solvency and strength of Illinois-licensed insurers in several ways including:

1. Maintaining a staff of trained accountants and specialists trained to identify a company's developing financial difficulties. The Department can then take steps to minimize potential losses to Illinois policyholders;
2. Working closely with insurance companies with identified financial difficulties to minimize potential risk to policyholders, while attempting to resolve manageable problems or determine the need for rehabilitation or liquidation;
3. Employing field examiners for on-site evaluation of insurance company records;
4. Reviewing operations and compliance issues through scheduled, targeted, and special exams of known or suspected problems;
5. Maintaining a staff of actuaries who monitor the adequacy of loss reserves, cash flow testing, and proper valuation of assets;
6. Licensing and registering the many types of insurers, surplus lines producers, and risk sharing pools authorized by the Illinois Insurance Code and related Acts; and
7. Investigating unauthorized organizations or individuals thought to be conducting illegal insurance operations and taking regulatory action to remove them from the market to protect consumers from fraudulent activities.

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Appendix A - F

APPENDIX A –

Consolidated Assets of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

APPENDIX A – Consolidated Assets of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

	ASSETS	Assets Current Year	Non-Admitted Assets Current Year	Net Admitted Assets Current Year	Not Admitted Assets prior Year
1	Bonds	688,707,947,128	119,634,201	688,588,312,927	682,239,289,031
2.1	Preferred stocks	10,735,888,252	62,748,390	10,673,139,862	10,441,319,953
2.2	Common stocks	360,370,553,231	3,436,299,672	356,934,253,561	326,492,672,433
3.1	First liens - mortgage loans on real estate	4,778,601,581	527,178	4,778,074,403	4,089,339,304
3.2	Other than first liens - mortgage loans on real estate	183,291,227	0	183,291,227	129,199,333
4.1	Properties occupied by the company	7,000,055,368	6,220,414	6,993,834,955	6,846,578,711
4.2	Properties held for the production of income	1,082,735,560	11,436,971	1,071,298,589	1,050,297,419
4.3	Properties held for sale	133,813,069	8,500	133,804,569	214,097,872
5	Cash, cash equivalents and short-term investments	58,043,797,931	7,839,587	58,035,958,344	49,603,265,362
6	Contract loans including premium notes	1,233,136	1,233,136	0	0
7	Derivatives	278,907,797	0	278,907,797	472,314,174
8	Other invested assets	105,404,567,878	2,189,580,523	103,214,987,353	98,134,362,016
9	Receivables for securities	832,396,038	770,881	831,625,157	1,283,080,079
10	Securities lending reinvested collateral assets	1,992,997,821	8,562,675	1,984,435,146	2,066,500,783
11	Aggregate write-ins for invested assets	6,517,047,693	2,608,107,448	3,908,940,245	3,331,531,453
12	Subtotals, cash and invested assets	1,246,063,833,712	8,452,969,576	1,237,610,864,139	1,186,393,847,923
13	Title plants less charged off	0	0	0	0
14	Investment income due and accrued	7,784,633,379	4,366,081	7,780,267,302	8,081,874,839
15.1	Uncollected premiums and agents' balances in the course of collection	41,078,712,692	1,828,569,851	39,250,142,854	34,974,569,122
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	67,203,559,198	202,584,591	67,000,974,606	63,395,903,627
15.3	Accrued retrospective premiums	5,157,108,421	206,437,603	4,950,670,822	6,035,827,282
16.1	Amounts recoverable from reinsurers	25,809,761,035	3,062,890	25,806,698,145	24,589,404,014
16.2	Funds held by or deposited with reinsured companies	7,064,331,324	34,769,729	7,029,561,596	5,484,899,810
16.3	Other amounts receivable under reinsurance contracts	1,732,867,416	499,929	1,732,367,487	1,544,355,931
17	Amounts receivable relating to uninsured plans	174,720,199	1,109,023	173,611,176	215,885,318
18.1	Current federal and foreign income tax recoverable and interest thereon	3,778,287,488	167,512,418	3,610,775,070	3,656,384,993
18.2	Net deferred tax asset	36,142,848,844	11,398,804,615	24,744,044,229	24,606,387,415
19	Guaranty funds receivable or on deposit	210,561,207	3,116,496	207,444,711	238,579,650
20	Electronic data processing equipment and software	4,773,185,258	3,247,431,464	1,525,753,792	1,243,884,578
21	Furniture and equipment, including health care delivery assets	2,021,760,755	2,019,709,936	2,050,819	1,275,062
22	Net adjustment in assets and liabilities due to foreign exchange rates	37,771,516	194,258	37,577,258	56,367,288
23	Receivables from parent, subsidiaries and affiliates	10,037,187,698	356,203,657	9,680,984,040	8,548,105,125
24	Health care \$(1) and other amounts receivable	3,801,959	1,695,820	2,106,139	2,399,976
25	Aggregate write-ins for other than invested assets	30,256,952,087	16,372,565,632	13,884,386,456	14,680,908,724
26	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,489,331,884,158	44,301,603,565	1,445,030,280,605	1,383,750,860,648
27	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	593,832,376	1,800,000	592,032,376	1,708,069,658
28	Totals	1,489,925,716,534	44,303,403,565	1,445,622,312,981	1,385,458,930,306

APPENDIX B –

Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

APPENDIX B – Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

	LIABILITIES, SURPLUS AND OTHER FUNDS	CURRENT YEAR	PRIOR YEAR
1	Losses	393,935,255,406	391,162,091,435
2	Reinsurance payable on paid losses and loss adjustment expenses	16,620,861,632	14,350,971,994
3	Loss adjustment expenses	82,879,333,350	81,775,137,163
4	Commissions payable, contingent commissions and other similar charges	4,475,542,547	4,190,452,538
5	Other expenses (excluding taxes, licenses and fees)	22,247,926,588	21,261,194,951
6	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,142,926,844	4,002,999,665
7.1	Current federal and foreign income taxes (including \$(1) on realized capital gains (losses))	2,158,726,706	2,076,928,759
7.2	Net deferred tax liability	13,213,279,815	10,079,128,066
8	Borrowed money \$(1) and interest thereon \$(2)	4,418,241,371	5,235,555,215
9	Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$(1) and including warranty reserves of \$(2))	170,257,598,107	164,053,402,987
10	Advance premium	2,379,799,307	2,368,239,905
11.1	Stockholders (dividends declared and unpaid)	172,678,076	161,835,728
11.2	Policyholders (dividends declared and unpaid)	374,390,561	388,319,981
12	Ceded reinsurance premiums payable (net of ceding commissions)	33,414,656,973	30,167,542,300
13	Funds held by company under reinsurance treaties	24,149,729,783	23,207,390,878
14	Amounts withheld or retained by company for account of others	8,755,326,466	8,823,163,835
15	Remittances and items not allocated	1,377,682,023	1,112,134,098
16	Provision for reinsurance	2,329,097,786	2,640,290,107
17	Net adjustments in assets and liabilities due to foreign exchange rates	10,393,084	86,861,953
18	Drafts outstanding	3,733,181,573	3,507,164,860
19	Payable to parent, subsidiaries and affiliates	8,936,063,624	8,664,227,927
20	Derivatives	484,580,203	456,195,078
21	Payable for securities	2,461,603,300	2,110,180,149
22	Payable for securities lending	2,318,835,036	2,291,108,695
23	Liability for amounts held under uninsured plans	1,279,531	1,075,315
24	Capital notes \$(1) and interest thereon \$(2)	0	0
25	Aggregate write-ins for liabilities	40,992,694,189	39,964,658,168
26	Total liabilities excluding protected cell liabilities	846,241,683,913	824,138,251,740
27	Protected cell liabilities	0	0
28	Total liabilities	846,241,683,913	824,138,251,740
29	Aggregate write-ins for special surplus funds	52,022,418,646	54,701,264,056
30	Common capital stock	4,552,581,715	4,596,688,842
31	Preferred capital stock	1,199,507,090	1,199,698,579
32	Aggregate write-ins for other than special surplus funds	200,693,998	325,321,625
33	Surplus notes	12,252,425,874	13,902,428,627
34	Gross paid in and contributed surplus	214,528,814,400	209,695,466,897
35	Unassigned funds (surplus)	315,971,587,750	278,242,152,509
36.1	(1) Shares common (value included in common capital stock \$(2)) (less treasury stock at cost)	1,328,190,665	1,326,743,965
36.2	(2) Shares preferred (value included in preferred capital stock \$(2)) (less treasury stock at cost)	19,209,870	14,664,154
37	Surplus as regards policyholders	599,380,628,946	561,321,613,025
38	Totals	1,445,622,312,850	1,385,459,864,748

APPENDIX C –

Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

APPENDIX C – Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2012

UNDERWRITING INCOME		CURRENT YEAR	PRIOR YEAR
1	Premiums earned	366,689,733,914	354,848,352,484
2	Losses incurred	227,624,897,858	239,659,728,202
3	Loss adjustment expenses incurred	44,586,717,188	43,135,823,434
4	Other underwriting expenses incurred	104,518,552,538	99,598,621,860
5	Aggregate write-ins for underwriting deductions	317,785,165	1,440,635,635
6	Total underwriting deductions	377,047,952,751	383,834,809,126
7	Net income of protected cells	0	0
8	Net underwriting gain (loss)	-10,358,218,824	-28,986,456,634
INVESTMENT INCOME			
9	Net investment income earned	45,685,300,727	45,976,668,368
10	Net realized capital gains (losses) less capital gains tax of \$(1)	6,142,868,847	5,027,918,042
11	Net investment gain (loss)	51,828,169,577	51,004,586,409
OTHER INCOME			
12	Net gain (loss) from agents' or premium balances charged off	-1,113,334,113	-907,697,131
13	Finance and service charges not included in premiums	2,302,718,766	2,259,638,593
14	Aggregate write-ins for miscellaneous income	376,425,478	-166,023,734
15	Total other income	1,565,810,135	1,185,917,722
16	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	43,035,760,894	23,204,047,508
17	Dividends to policyholders	1,416,928,396	1,196,053,953
18	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	41,618,832,494	22,007,993,555
19	Federal and foreign income taxes incurred	4,930,790,150	2,204,943,081
20	Net income	36,688,042,341	19,803,050,481
CAPITAL AND SURPLUS ACCOUNT			
21	Surplus as regards policyholders, December 31 prior year	562,020,711,354	572,139,897,584
22	Net income	36,688,042,341	19,803,050,481
23	Net transfers (to) from protected cell accounts	0	0
24	Change in net unrealized capital gains or (losses) less capital gains tax of \$(1)	21,485,928,547	-3,922,184,458
25	Change in net unrealized foreign exchange capital gain (loss)	-220,989,891	-274,624,327
26	Change in net deferred income tax	895,701,508	1,022,928,838
27	Change in nonadmitted assets	2,893,133,271	-1,452,136,906
28	Change in provision for reinsurance	304,631,199	201,327,575
29	Change in surplus notes	-2,070,344,930	-1,096,497,695
30	Surplus (contributed to) withdrawn from protected cells	0	0
31	Cumulative effect of changes in accounting principles	1,519,481,201	655,211
32	Capital changes paid in	672,719,330	5,765,004
32	Capital changes transferred from surplus (stock dividend)	1,000,000	756,867
32	Capital changes transferred to surplus	-126	-2,500,000
33	Surplus adjustments paid in	4,091,452,499	4,568,249,401
33	Surplus adjustments transferred to capital (stock dividend)	0	-35,383,847
33	Surplus adjustments transferred from capital	734,694,534	-14,896,812
34	Net remittances from or (to) home office	-251,747,941	-45,819,951
35	Dividends to stockholders	-26,244,913,044	-29,162,720,863
36	Change in treasury stock	-5,992,416	-3,030,788
37	Aggregate write-ins for gains and losses in surplus	-2,633,813,384	287,876,098
38	Change in surplus as regards policyholders for the year	37,858,982,684	-10,119,186,199
39	Surplus as regards policyholders, December 31 current year	599,879,694,055	562,020,711,389

APPENDIX D –

Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2012

APPENDIX D – Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2012
EXHIBIT OF PREMIUMS AND LOSSES
BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2012

Line of Business	1 Direct Premiums Written	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (reducing salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commission and Brokerage Expenses	12 Taxes, Licenses and Fees
01 Fire	322,379,748	325,730,998	371,169	152,368,697	107,764,425	146,142,830	120,365,762	3,362,045	3,748,706	4,234,377	32,901,247	8,269,854
02.1 Allied lines	331,948,877	324,167,143	227,634	115,214,496	211,503,792	206,224,928	104,834,228	2,980,938	1,690,553	3,394,704	36,594,599	5,643,384
02.2 Multiple peril crop	721,617,074	698,320,925	0	49,334,458	1,312,416,858	2,397,094,081	1,344,313,093	275,541	-2,308,844	1,440,809	43,396,434	446,269
02.3 Federal flood	26,174,554	26,526,315	0	14,212,534	2,436,299	1,128,301	816,396	78,215	104,230	62,165	3,524,346	220,517
03 Farmowners multiple peril	139,909,532	134,853,424	0	56,854,133	85,999,342	80,534,563	34,621,755	1,625,284	1,411,112	4,259,203	21,564,103	1,722,025
04 Homeowners multiple peril (non-liability portion)	3,002,741,616	2,908,737,998	5,062,070	1,570,639,256	2,032,330,061	1,896,628,648	699,918,767	37,838,484	38,070,548	62,628,739	388,866,414	47,490,068
05.1 Commercial multiple peril	927,123,751	910,965,490	322,936	453,344,325	561,291,335	521,613,640	296,506,203	19,045,192	10,592,190	34,400,114	145,200,711	16,889,512
05.2 Commercial multiple peril (liability portion)	529,805,837	520,806,523	169,740	290,116,593	231,249,615	191,738,018	926,615,042	105,933,920	67,793,889	352,602,844	86,074,193	8,065,315
06 Mortgage guaranty	250,014,258	194,911,194	0	38,328,348	538,842,896	470,834,223	1,117,629,065	5,590,946	6,185,145	5,830,390	0	4,338,006
08 Ocean marine	78,216,321	73,001,765	16,886	27,666,239	35,497,393	46,522,327	64,552,649	2,096,360	1,932,599	4,600,432	9,816,322	1,417,346
09 Inland marine	556,472,295	532,965,080	331,037	152,715,234	304,317,024	303,374,309	113,401,169	2,792,824	3,189,987	8,496,691	81,277,506	14,005,056
10 Financial guaranty	8,244,033	59,814,650	0	282,142,961	46,372,113	-63,236,211	276,060,427	1,417,453	15,417,610	15,922,231	0	163,911
11 Medical professional liability	424,086,595	438,253,148	19,038,920	233,928,809	175,031,865	85,598,398	1,260,083,874	96,256,588	67,390,791	473,783,035	33,924,539	10,860,363
12 Earthquake	56,190,787	53,520,371	120,523	27,787,264	1,475,286	2,300,631	2,710,841	42,678	100,148	104,180	6,827,229	770,652
13 Group accident and health	172,999,615	154,962,730	0	185,696,425	120,669,744	117,020,155	93,128,255	1,778,043	1,256,067	629,954	22,530,345	3,674,162
14 Credit A&H (group and individual)	2,339,866	2,273,438	0	1,104,158	419,278	428,410	654,463	102	2,039	6,388	637,869	51,184
15.1 Collectively renewable A&H	2,089	1,525	0	12,102	17,671	746	90,604	0	-10	70	138	238
15.2 Non-cancelable A&H	11,368	39,590	0	327,903	2,458	2,430	4	0	-1	0	262	570
15.3 Guaranteed renewable A&H	69,212,372	46,606,184	0	441,753,454	57,696,375	74,501,435	139,325,343	6,559	27,124	322,042	4,341,571	256,611
15.4 Non-renewable for stated reasons only	3,988,340	4,167,337	1,731	1,413,136	2,798,008	3,195,989	4,020,927	16,137	22,016	64,329	328,174	-35,566
15.5 Other accident only	56,019,628	596,006	0	55,644,477	134,682	101,656	81,730	0	1,482	3,396	226,563	773,299
15.6 Medicare Title XVIII exempt from state taxes or fees	0	0	0	0	0	0	0	0	0	0	0	-86
15.7 All other A&H	6,261,638	6,796,086	0	1,215,635	4,078,187	3,400,311	3,462,631	639	-351,983	357,965	1,234,893	85,250
15.8 Federal employees health benefits program premium	0	0	0	0	0	0	0	0	0	0	0	219
16 Workers' compensation	2,412,347,917	2,377,004,979	7,644,226	895,346,684	1,520,882,369	1,734,375,626	6,380,149,560	150,046,236	181,656,771	619,887,236	185,126,931	46,697,951
17.1 Other liability - occurrence	1,547,733,873	1,312,821,534	461,794	901,405,117	862,805,460	461,613,051	4,195,696,902	126,794,605	50,061,270	801,977,488	137,587,767	22,391,305
17.2 Other liability - claims-made	799,016,873	759,782,335	1,693,971	353,919,926	466,771,275	423,896,411	1,736,981,934	125,296,962	96,532,662	387,396,651	96,830,948	13,664,595
17.3 Excess workers' compensation	47,660,358	48,907,240	0	21,880,548	18,299,573	48,795,672	376,116,388	569,344	530,704	13,057,243	3,376,307	1,083,147
18 Products liability	95,037,118	92,229,713	-3,208	37,865,374	73,693,975	73,346,145	723,110,285	73,839,390	76,699,025	286,259,477	11,335,365	1,554,946
19.1 Private passenger auto no-fault (personal injury protection)	40,381	49,182	0	5,355	2,694,230	2,729,690	5,640,059	235,186	266,322	283,676	93,066	1,633

APPENDIX D (continued) –

Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2012

APPENDIX D – Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2012
EXHIBIT OF PREMIUMS AND LOSSES
BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2012

Line of Business	1 Direct Premiums Written	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commission s and Brokerage Expenses	12 Taxes, Licenses and Fees
19.2 Other private passenger auto liability	3,215,953,824	3,212,460,510	4,598,938	962,530,950	1,966,432,679	1,850,200,117	2,513,795,619	126,359,561	122,830,288	342,551,507	339,230,187	35,238,307
19.3 Commercial auto no-fault (personal injury protection)	-29,861	240,279	0	8,995	190,522	-711,043	264,409	14,948	-139,206	24,716	-5,762	2,456
19.4 Other commercial auto liability	691,158,284	672,582,848	91,632	287,166,706	417,110,325	383,916,174	986,749,844	52,059,989	52,917,225	129,038,485	98,686,551	11,577,671
21.1 Private passenger auto physical damage	2,384,001,022	2,390,759,082	3,735,611	712,528,378	1,521,744,081	1,511,938,127	91,669,393	6,834,681	6,450,311	6,649,321	243,052,944	27,414,082
21.2 Commercial auto physical damage	204,058,743	201,636,642	21,094	86,224,498	133,703,759	133,724,888	21,193,766	3,117,267	3,137,343	3,847,053	29,791,356	3,038,272
22 Aircraft (all perils)	78,144,749	79,800,205	0	20,866,778	31,220,607	19,494,078	515,633,776	8,250,152	10,449,189	75,322,800	9,640,564	2,011,292
23 Fidelity	57,264,736	57,406,552	3	34,074,178	42,031,188	43,733,069	95,522,876	797,399	1,128,377	8,099,414	7,553,917	1,034,558
24 Surety	176,104,315	181,748,834	0	83,550,721	27,482,698	37,124,419	101,318,390	5,948,466	6,572,803	23,537,931	46,651,799	3,851,640
26 Burglary and theft	11,490,727	11,414,649	6,782	6,087,317	1,182,063	1,865,060	3,975,913	81,380	399,740	1,197,060	1,831,362	233,937
27 Boiler and machinery	51,230,763	50,956,719	98	25,291,372	10,503,178	9,227,929	10,524,029	338,084	387,328	479,707	5,599,909	1,893,796
28 Credit	86,967,718	80,796,787	0	41,914,093	12,614,996	3,450,948	22,036,141	815,380	754,777	622,698	22,542,164	1,848,273
30 Warranty	469,551,569	783,546,273	0	850,233,804	658,473,351	574,029,844	80,332,614	173,269	169,194	13,525	704,460	7,426,124
34 Aggregate write-ins for other lines of business	26,970,795	26,334,345	0	8,288,396	11,309,850	7,897,418	42,522,256	37,455	365,863	645,625	4,764,645	1,400,546
35 Totals	19,914,385,136	19,719,299,577	43,913,621	9,440,310,650	13,602,650,922	13,794,138,340	24,437,307,404	952,139,449	846,365,423	3,664,915,170	2,168,624,434	306,530,689

APPENDIX E –

Consolidated Exhibit of Premiums and Losses in the All States for Licensed Property/Casualty Insurers during 2012

Appendix E – Consolidated Exhibit of Premiums and Losses in the All States for Licensed Property/Casualty Insurers during 2012
Exhibit of Premiums and Losses during the Year 2012

Line of Business	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
01 Fire	8,288,836,024	17,559,452	3,928,977,099	3,293,530,866	3,239,980,116	2,949,350,720	99,740,443	105,859,193	154,126,537	884,730,262	213,222,179
02.1 Allied lines	7,020,776,629	20,064,708	2,885,818,256	5,086,921,632	5,132,042,646	3,781,085,555	127,745,128	150,735,840	182,231,155	711,068,392	162,177,083
02.2 Multiple crop	10,368,664,909	0	14,403,099,150	11,777,166,101	14,403,099,150	5,954,546,722	8,211,463	-258,074	11,007,453	607,793,597	8,740,178
02.3 Federal flood	1,876,235,838	0	1,038,595,171	1,628,739,813	4,236,344,275	3,111,355,880	30,409,398	60,118,415	37,455,150	289,586,259	36,588,535
03 Farmowners multiple peril	1,627,501,615	0	788,426,300	991,159,487	940,715,541	440,031,321	30,851,720	31,500,231	59,504,945	274,450,059	34,732,272
04 Homeowners multiple peril	54,046,487,737	293,424,512	30,303,059,545	32,916,117,933	32,855,997,055	14,261,747,771	791,289,032	756,793,431	1,401,676,535	7,091,498,515	1,344,595,366
05.1 Commercial multiple peril (non-liability portion)	17,615,555,180	5,078,483	8,643,180,134	10,500,048,043	11,114,213,143	8,107,956,144	411,932,703	330,991,500	1,028,154,612	2,913,300,589	471,285,055
05.2 Commercial multiple peril (liability portion)	9,821,263,364	4,042,038	4,621,236,498	4,295,897,457	4,273,175,489	16,609,273,660	1,788,007,853	1,658,625,622	6,556,533,085	1,680,570,040	234,711,717
06 Mortgage guaranty	3,910,715,297	0	984,831,356	8,454,491,472	8,729,684	14,793,217,274	87,299,684	81,028,127	73,202,682	1,174,438	93,399,203
08 Ocean marine	3,599,904,735	1,937,098	1,098,285,999	1,669,935,121	2,193,119,671	3,715,945,841	111,475,316	106,083,818	257,901,540	458,691,226	51,075,102
09 Inland marine	13,563,495,644	15,865,889	4,049,162,879	6,731,893,220	7,925,371,193	4,208,466,698	102,702,783	124,860,238	166,707,455	1,841,730,139	358,493,052
10 Financial guaranty	1,951,635,725	0	7,475,899,080	2,560,960,564	3,644,574,178	4,423,544,650	268,176,292	252,786,284	250,948,459	139,894	17,124,851
11 Medical professional liability	4,152,896,000	71,887,414	2,178,878,897	1,569,205,632	1,351,386,663	9,410,138,953	894,429,816	643,632,197	3,527,475,600	401,046,298	79,017,674
12 Earthquake	1,428,420,485	4,929,118	684,332,959	44,725,054	29,509,995	83,366,520	4,288,147	2,843,399	5,507,458	156,444,807	31,946,433
13 Group accident and health	4,325,207,380	0	2,196,895,272	2,692,518,066	2,655,520,470	1,945,841,819	66,199,042	64,402,035	31,327,693	657,146,142	99,629,755
14 Credit A&H (group and individual)	206,217,380	0	28,766,881	20,956,800	19,429,973	26,392,773	20,023	-391,339	100,446	21,155,553	5,357,890
15.1 Non-cancelable A&H	45,470,988	0	6,721,581	16,881,752	16,852,305	13,466,716	0	-30,121	205,118	22,678,517	1,421,917
15.2 Collectively renewable A&H	509,617	0	4,832,518	105,594	91,138	11,346	0	-313	47	1,362	13,305
15.3 Guaranteed renewable A&H	561,466,501	0	7,339,099,922	864,515,727	1,120,635,122	2,009,855,199	585,190	1,154,090	6,469,973	92,759,488	15,567,001
15.4 Non-renewable for stated reasons only	77,376,797	19,831	31,127,743	71,241,050	77,993,501	56,512,496	144,231	246,889	897,364	6,850,755	1,203,284
15.5 Medicare Title XVIII exempt from state taxes or fees	864,591,280	0	461,502,856	367,434,009	328,310,986	223,360,280	2,888,944	2,482,369	1,988,160	107,276,052	1,342,434
15.6 All other A&H	1,429,510,455	0	287,841,114	698,861,472	634,935,785	534,531,800	73,807,409	73,479,106	19,404,260	311,237,112	7,045,316
15.8 Federal employees health benefits program premium	0	0	0	0	0	0	0	0	0	0	14,249
16 Workers' compensation	32,362,628,219	334,074,396	11,262,039,564	19,440,411,010	21,752,816,604	100,572,330,264	2,305,994,326	2,597,690,528	9,826,513,965	2,694,813,297	1,478,611,456
17.1 Other liability - occurrence	22,563,304,215	24,857,554	12,067,687,187	12,121,767,135	11,862,622,201	62,550,108,016	2,763,772,354	2,714,653,031	12,873,236,495	2,779,093,396	488,848,113
17.2 Other liability - claims-made	13,552,950,970	2,353,017	7,374,230,158	6,827,476,707	6,574,609,156	28,014,706,299	1,855,670,953	1,798,061,751	6,140,312,517	1,940,776,530	310,292,563
17.3 Excess workers' compensation	960,627,173	0	416,853,379	479,789,265	1,095,245,334	9,232,494,407	15,635,069	57,176,513	407,579,448	82,528,185	23,999,324
18 Products liability	2,238,986,529	131,979	1,027,374,872	1,524,387,835	1,090,929,482	11,222,711,031	1,096,196,162	1,033,756,284	4,502,736,577	289,200,073	47,420,785
19.1 Private passenger auto no-fault (personal injury protection)	10,967,813,294	17,832,463	3,402,269,337	7,216,376,212	9,196,477,124	29,118,271,131	674,573,504	911,382,736	1,944,659,531	867,346,785	251,857,819
19.2 Other private passenger auto liability	68,441,625,512	296,822,890	20,921,782,723	43,206,902,308	43,315,918,596	51,215,895,693	2,431,195,113	2,559,816,517	6,973,465,217	5,649,673,562	1,590,407,806
19.3 Commercial auto no-fault (personal injury protection)	525,000,352	42,761	270,506,864	345,901,172	429,428,801	1,078,145,783	39,591,878	42,312,509	68,914,124	73,275,973	12,742,041
19.4 Other commercial auto liability	14,133,049,566	4,574,170	6,473,077,540	8,594,851,814	8,790,017,239	18,317,665,633	931,901,713	970,838,277	2,333,065,302	2,116,357,211	381,836,933
21.1 Private passenger auto physical damage	49,890,341,695	245,556,620	15,375,308,174	32,535,254,074	32,401,709,660	2,128,762,894	162,429,169	168,508,965	140,093,151	4,127,797,116	1,135,137,957
21.2 Commercial auto physical damage	4,440,590,179	833,008	1,981,904,909	2,992,220,857	2,995,391,970	617,874,062	56,005,185	60,039,248	103,733,305	672,292,612	116,697,228
22 Aircraft (all perils)	1,810,057,952	0	804,507,806	939,256,899	695,000,869	3,082,428,361	134,447,702	143,727,188	426,770,566	256,613,600	41,000,437

APPENDIX E (continued) –

Consolidated Exhibit of Premiums and Losses in the All States for Licensed Property/Casualty Insurers during 2012

Appendix E – Consolidated Exhibit of Premiums and Losses in the All States for Licensed Property/Casualty Insurers during 2012
Exhibit of Premiums and Losses during the Year 2012

Line of Business	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, License and Fees
23 Fidelity	1,115,470,382	1,280,366	638,277,058	544,033,444	623,696,520	1,142,286,118	27,179,717	41,032,423	182,542,618	153,363,088	27,716,197
24 Surety	4,714,898,062	43,725,339	2,651,750,114	1,192,440,379	1,043,514,053	2,413,192,141	171,297,121	161,336,102	732,508,157	1,131,521,653	133,336,566
26 Burglary and theft	194,567,156	17,973	110,679,216	17,806,962	42,378,765	94,842,897	1,631,948	4,735,696	20,745,620	34,224,593	5,456,709
27 Boiler and machinery	1,261,391,657	32,312	559,189,662	507,378,391	545,595,247	516,128,632	6,459,426	11,528,610	25,871,090	101,431,231	33,830,555
28 Credit	1,914,781,808	0	1,232,723,816	571,720,013	567,068,858	681,510,777	15,690,116	1,464,280	9,752,329	403,360,470	51,550,405
30 Warranty	2,556,040,902	0	5,253,726,521	1,723,450,899	1,627,047,482	195,916,049	3,566,377	3,114,701	5,190,962	120,855,373	58,498,768
34 Aggregate write-ins for other lines of business	675,792,923	0	339,568,176	332,192,220	269,387,377	1,582,463,445	14,344,969	8,515,261	21,594,045	101,734,192	27,670,533
Totals	381,102,646,216	1,406,643,387	172,081,012,485	237,276,924,494	245,790,800,341	420,437,734,756	17,607,677,397	17,735,633,434	60,521,070,540	42,127,586,335	9,487,006,013

APPENDIX F –

Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2012

Appendix F – Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2012

Schedule T – Exhibit of Premiums Written – Allocated by States and Territories

State	Gross Premiums Written	Gross Premiums Earned	Dividends Paid to Policy Holders	Direct Losses Paid	Direct Losses Incurred	Direct Losses Unpaid	Finance Charges Not Included	Direct Premiums Written Federal
01 Alabama AL	5,478,540,882	5,396,522,412	16,561,513	3,656,379,463	3,204,353,822	5,316,141,701	38,063,891	12,532,414
02 Alaska AK	1,537,852,816	1,494,480,291	5,261,497	618,031,396	633,234,452	1,229,437,309	5,484,126	2,861,728
03 Arizona AZ	6,353,530,948	6,218,279,448	24,077,493	3,979,930,967	3,634,483,295	5,173,734,295	48,031,215	17,674,274
04 Arkansas AR	3,168,598,494	3,133,926,663	6,519,551	1,784,203,929	1,638,378,372	2,524,210,559	18,820,330	6,279,955
05 California CA	41,551,186,097	40,873,738,489	107,254,080	22,849,430,606	23,382,409,363	47,920,916,468	303,401,697	120,706,721
06 Colorado CO	7,324,906,340	7,108,443,885	30,989,491	5,129,197,058	5,112,267,952	5,395,597,536	47,093,509	17,932,114
07 Connecticut CT	5,994,686,704	5,908,983,323	33,672,836	3,597,470,478	3,551,899,367	7,033,504,197	39,633,421	22,368,277
08 Delaware DE	1,795,016,168	1,780,203,133	3,958,818	1,187,763,096	1,096,450,941	2,066,138,979	9,089,760	5,524,801
09 Dist. Columbia DC	1,351,520,394	1,350,716,835	3,663,169	731,685,556	732,429,435	1,562,348,701	4,483,285	11,103,078
10 Florida FL	23,576,062,267	23,507,946,029	112,531,616	13,773,319,854	12,485,731,747	22,529,810,296	131,662,624	85,575,363
11 Georgia GA	11,293,188,884	11,097,173,472	42,591,938	6,738,462,889	6,391,358,773	9,205,428,729	72,876,820	25,977,439
12 Hawaii HI	1,301,700,329	1,288,733,904	9,023,956	542,015,372	525,811,645	1,115,958,834	6,276,001	6,073,270
13 Idaho ID	1,394,447,875	1,364,348,318	4,212,534	699,148,510	691,845,367	961,780,369	10,453,039	4,531,529
14 Illinois IL	19,931,695,993	19,736,032,000	43,913,621	13,607,934,561	13,791,399,652	24,466,917,216	93,040,022	67,776,498
15 Indiana IN	7,527,641,400	7,376,585,149	8,111,545	5,101,439,399	5,560,095,344	6,472,138,199	46,415,919	22,086,766
16 Iowa IA	4,854,026,198	4,776,755,077	25,508,756	3,439,245,892	3,701,225,469	3,755,004,681	19,236,787	14,227,085
17 Kansas KS	4,543,277,450	4,429,104,140	12,045,465	3,453,668,587	3,431,794,164	3,011,624,106	19,508,611	9,847,048
18 Kentucky KY	4,490,509,077	4,421,171,910	7,310,713	3,591,024,210	3,699,331,857	4,952,088,535	24,443,580	20,195,561
19 Louisiana LA	6,569,066,908	6,488,243,022	14,861,356	3,701,916,246	3,810,182,027	6,072,956,729	33,294,683	22,773,296
20 Maine ME	1,169,150,617	1,159,508,320	4,876,558	534,429,671	515,948,428	1,017,919,132	9,022,219	4,071,548
21 Maryland MD	8,140,995,494	7,968,392,014	32,899,345	5,163,023,922	5,023,473,437	8,024,812,425	47,376,068	25,465,458
22 Massachusetts MA	6,402,110,580	6,281,590,082	25,400,299	3,193,793,978	3,324,271,611	8,186,471,446	27,924,688	43,026,066
23 Michigan MI	11,641,015,486	11,311,534,510	23,527,898	6,797,760,500	9,241,920,728	28,924,010,580	55,011,591	37,469,976
24 Minnesota MN	8,234,860,184	8,049,495,766	15,660,820	4,713,221,121	4,205,519,139	6,887,656,244	33,093,658	16,245,205
25 Mississippi MS	3,090,869,424	3,021,367,504	6,830,710	1,633,376,224	1,491,931,621	2,383,730,618	19,936,257	11,724,798
26 Missouri MO	8,049,756,180	7,888,292,761	13,206,391	6,627,920,045	6,317,275,778	7,095,281,881	48,255,586	15,832,603
27 Montana MT	1,536,424,647	1,492,650,346	3,806,991	793,793,772	762,217,998	981,892,824	7,796,918	4,145,661
28 Nebraska NE	3,452,420,244	3,370,801,250	10,383,558	2,674,035,295	2,905,504,040	2,632,294,285	11,302,220	9,193,273
29 Nevada NV	3,157,342,703	3,126,803,604	9,609,680	2,065,097,625	1,943,089,682	3,394,749,259	23,422,974	11,653,382
30 New Hampshire NH	1,436,720,060	1,433,147,355	10,552,455	725,488,244	722,125,877	1,431,313,483	8,890,499	4,980,761
31 New Jersey NJ	11,153,255,981	11,017,099,417	35,014,650	8,035,721,562	11,386,114,597	22,194,610,497	50,302,126	51,058,670
32 New Mexico NM	2,124,622,316	2,093,080,581	8,471,048	1,300,538,079	1,333,822,166	1,866,975,412	13,808,949	5,429,992
33 New York NY	27,556,253,369	27,287,080,328	66,914,455	19,759,712,600	24,048,559,583	47,972,129,377	170,668,370	138,050,072
34 North Carolina NC	10,027,778,204	9,839,193,182	30,229,348	5,810,864,511	5,571,156,359	7,950,415,679	83,031,312	29,318,912

APPENDIX F (continued) –

Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2012

Appendix F – Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2012

Schedule T – Exhibit of Premiums Written – Allocated by States and Territories

State	Gross Premiums Written	Gross Premiums Earned	Dividends Paid to Policy Holders	Direct Losses Paid	Direct Losses Incurred	Direct Losses Unpaid	Finance Charges Not Included	Direct Premiums Written Federal
35 North Dakota ND	1,892,223,237	1,865,992,280	1,296,130	767,798,954	675,887,107	577,190,370	3,737,106	1,954,223
36 Ohio OH	11,752,746,449	11,575,860,938	19,007,734	7,206,635,637	7,243,965,410	9,094,384,092	100,136,844	46,005,993
37 Oklahoma OK	4,950,613,834	4,791,258,721	13,093,484	3,292,225,225	3,393,064,777	4,034,066,613	21,589,757	11,000,554
38 Oregon OR	3,650,623,601	3,563,503,279	11,761,600	1,855,349,161	1,945,086,723	3,284,974,767	23,334,406	12,973,038
39 Pennsylvania PA	17,317,005,768	16,986,886,863	40,300,166	10,282,052,473	10,232,878,470	20,951,393,680	118,533,406	42,651,364
40 Rhode Island RI	1,480,957,178	1,455,196,997	19,108,421	837,201,542	850,133,240	1,479,382,087	9,265,658	6,311,118
41 South Carolina SC	5,872,049,924	5,782,132,122	21,508,124	3,261,990,052	3,152,474,411	4,272,436,192	48,320,151	13,309,191
42 South Dakota SD	1,807,458,290	1,759,197,461	3,936,766	1,552,714,529	1,627,140,939	1,137,944,956	4,688,891	3,781,288
43 Tennessee TN	6,946,768,038	6,788,144,756	16,107,162	4,715,541,751	4,412,629,618	6,252,936,638	38,837,072	21,486,681
44 Texas TX	21,880,854,229	21,397,112,994	144,546,571	12,857,567,702	12,948,331,716	20,179,356,718	101,419,845	162,974,484
45 Utah UT	2,705,906,601	2,658,746,684	5,420,296	1,488,693,524	1,426,877,845	2,083,436,184	18,772,445	5,877,794
46 Vermont VT	683,947,340	693,625,187	2,952,627	333,875,444	304,662,030	703,750,851	5,075,089	3,875,175
47 Virginia VA	9,418,504,215	9,228,107,999	70,075,868	5,632,654,726	5,385,061,138	7,491,799,261	76,571,073	58,664,209
48 Washington WA	7,364,008,847	7,205,248,226	30,549,160	4,010,750,946	3,943,810,327	5,601,885,626	48,233,361	21,198,571
49 West Virginia WV	2,027,209,327	2,028,026,940	3,215,569	1,110,508,610	1,206,152,208	1,487,734,531	11,427,906	3,604,402
50 Wisconsin WI	7,474,357,539	7,335,994,459	186,810,825	4,097,697,200	4,211,697,117	7,744,897,223	34,453,357	12,246,145
51 Wyoming WY	811,091,029	793,522,886	2,096,725	406,813,054	363,496,660	406,808,281	4,518,272	-1,770,726
52 American Samoa AS	238,900	153,594	0	485,050	-847	33,570	210	0
53 Guam GU	59,247,493	44,816,040	379,336	9,351,373	17,794,109	12,324,523	18,713	0
54 Puerto Rico PR	200,670,420	276,806,217	507,914	61,008,631	46,661,241	201,993,767	16,269	157,682
55 U.S. Virgin Islands VI	18,968,164	20,230,098	165,468	9,409,243	14,902,453	23,273,858	52,399	10,867
56 N. Mariana Islands MP	570,773	573,104	2,355	13,896	-16,073	87,394	165	0
57 Canada CAN	4,316,390,466	4,297,771,010	616,742	1,949,033,273	2,309,907,180	6,760,813,210	6,810,654	770
58 Agg. other alien OT	7,368,454,676	7,761,980,273	3,910,928	4,033,359,367	2,655,093,955	5,520,495,150	1,721,470	0
59 Totals	387,211,896,975	381,402,313,612	1,406,824,132	237,783,776,559	244,235,305,767	421,013,520,057	2,258,687,171	1,330,026,415



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